



**A Voluntary Code of Conduct for
the Development, Implementation,
and Use of AI in Claims**



www.aicodeofconduct.co.uk

Contents

Why This Voluntary Code Was Written	03
What Is the Intention?	04
The 127 Experts Who Wrote the Code	05
Structure and Definition	06
FAQs	07
The Code of Conduct for the Development, Implementation, and Use of AI in Claims	10

WHY THIS VOLUNTARY CODE WAS WRITTEN

The debate around the positive and negative impacts of Artificial Intelligence has existed since the first shoots of progress in the field were seen, and in mid 2023 the first rumblings of disquiet about the potential impact that AI could have was sounded in the US. A class action lawsuit was launched against a major health insurer who had reportedly managed to reject 300,000 claims in the space of just 2 months by the use of AI, with an average time to consider the merits of a case of just 1.2 seconds.. The lawyers in pursuit of the insurer asserted that this amounted to abuse of process, and broke both the implicit and explicit contract with policyholders regarding the proper consideration of submitted claims.

I have no idea exactly what the company did, whether they even used AI, or whether the case has any merit. But it did occur to me that the insurer would have been massively impressed and pleased with the decision-making power of the AI being used. At the same time, there was equally massive dissatisfaction amongst their policyholders at the way in which AI (supposedly) was being deployed and the decisions being taken.

From these humble beginnings grew the germ of an idea. That maybe the presence of a Code of Conduct for Claims would serve to guide both the actions of the insurer and any suppliers involved, and also to reassure the claimants that due consideration had been given to the proper use of AI in all its glory. The last 6 months have been a whirlwind of activity amongst many people and this Code of Conduct is the result.

On a personal level I am delighted to have initiated and facilitated the creation of this Code. More generally though, it is not unusual for the insurance industry to be guilty of 'shooting itself in the foot' and so if we can all collaborate to get ahead of the curve on the proper use of AI in claims then we will have succeeded in building a small piece of the bond of trust that we must have with our policyholders. With thanks to all those that have contributed to this exercise we urge you to support the initiative and sign the Code to indicate your willingness to abide by its principles



Eddie Longworth

Founder & Director JEL Consulting
Initiator and Group Facilitator

Steering Committee;

Ian Hughes, Founder Consumer Intelligence
Hugh Hessing, Former UK COO of,Aviva
Prathiba Krishna, Head of AI & Ethics, SAS UK&I
Chris Hall, Managing Director, QuestGates
Gary Lobb, Head of Digital Transformation, CCG
Simon Murray, Head of Insurance Business Services, DWF
Mark Simpson, Founder Resilient Changing
Jon Cawley, Insurer Head of Claims

plus 120 Group members

WHAT IS THE INTENTION?

This voluntary Code of Conduct for the Use of AI in Claims is definitely not another layer of compliance driven management to be imposed upon the industry. It has no legislative, authorized, or regulatory basis and is not intended to duplicate or replace other initiatives that may, in the fullness of time, flow from sources such as the FCA, FOS, or other bodies.

Instead, as time, tide and the pace of technological change wait for no-one we are seeking to establish a broad consensus on the proper use of AI in advance of sometimes slow-moving authorities. With AI already being debated, delivered, and deployed in claims departments (and their suppliers) across the land it is clear that the time for action is right now and not some indeterminate time in the future.

Of course, there are many sectors of the insurance industry that are also already using AI. Pricing, underwriting, counter-fraud, risk management and many others. However, as a voluntary collaborative body of expertise we could not hope to cover all the bases and answer all the questions that the use of AI in the insurance world poses. Instead we chose to focus on our primary area of expertise - claims and the supply chains that deliver a vast range of settlement services to individuals, SMEs, and corporates.

The intention has been to deliver a simple set of guidelines that will help all those involved in AI design and deployment to stop, think, and properly consider the basis on which AI is to be used.

We hope we have succeeded.



THE 127 EXPERTS WHO DRAFTED THE CODE

When the idea of the Code was first mooted it was clear that there would be a need for a huge range of expertise if the Code was to have any credibility and 'reach' into different corners of the claims and supply chain sectors.

The call for voluntary contributors to the project was astonishingly successful which is testament, no doubt, to the importance and urgency of the subject. There were eventually 127 individual members of the Group who had varying degrees of input to the final version and these included:-

- Insurers
- Lawyers
- AI Technical Experts
- Technology Businesses
- Heads of Ethics
- Broker Claims
- Loss Adjusters
- Trade Associations
- Market Research
- Customer Experience
- TPAs
- Supply Chain Fulfillment
- Car Hire
- Media
- Industry
- Consumer Claims Association
- Claims Managers
- Engineers
- Consultancies
- Salvage
- Estimating Systems

The work of bringing this disparate group together and achieving a consensus has been made much easier by the huge sense of co-operation and collaboration that every person involved has brought to the discussions and we thank all of them for their efforts.



STRUCTURE AND DEFINITION

The Code has been deliberately drafted to reflect recent government guidance on the key issues that need to be considered when adopting AI. The sections therefore mimic those key topics for consideration. Namely:-

- **Safety, Security, and Robustness**
- **Transparency and Explainability**
- **Fairness**
- **Accountability and Governance**
- **Contestability and Redress**

As with the government guidance there is much debate as to the exact meaning of these terms and especially when applied to the niche sector of claims and supply chain. However, we felt that this terminology would become a part of the AI landscape across many industries and it therefore seemed appropriate to draft our Code with these parameters in mind.

We have then applied these broad topic areas to the claims and supply chain sectors and some of the specific issues that are faced by practitioners at all employment and accountability.

For the sake of our debates and the drafting of this Code we have also applied the OECD definition of an AI system as the working basis for our discussions:-

‘An AI system is a machine-based system that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments. Different AI systems vary in their levels of autonomy and adaptiveness after deployment’



FREQUENTLY ASKED QUESTIONS

.What if I or my company disagree with some of the detail within the Code?

Perhaps you will consider the wider positioning of the Code as a broad guide to ethical behaviours that would stand you and your business in good stead. So you will still choose to sign it.

We have not attempted to cater in detail for every situation in every company, but we hope that the guidance the Code provides will prove to be of value in stimulating the right debate amongst the right people and help them to make the right decisions at the right time.

Who can sign the Code?

Any company, organisation, or individual who considers themselves to be part of the claims and supply chain sector of the insurance industry

I would like to sign individually but I cannot commit my company

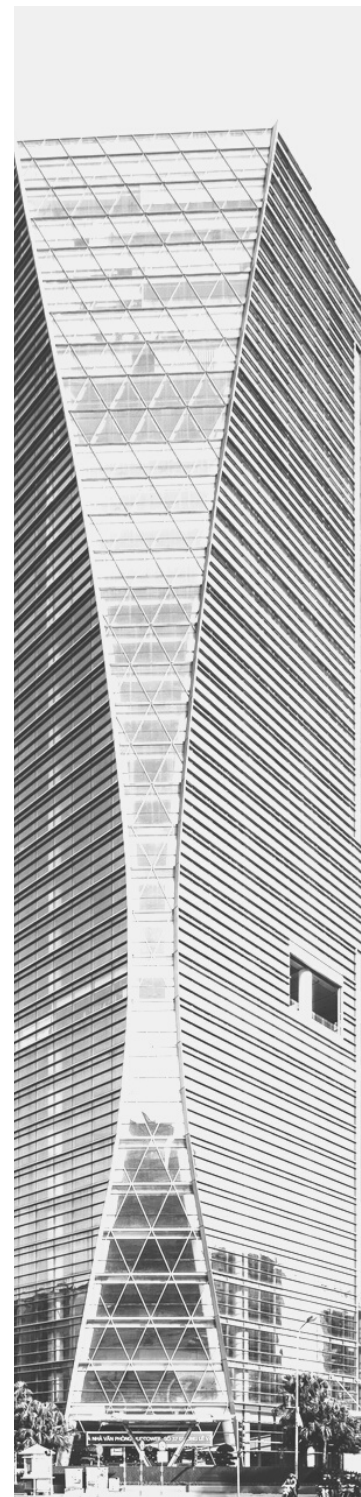
That's fine. You can go ahead and sign the Code and use the guidance provided to inform you and your colleagues in any subsequent internal debate. When signing the code as an individual you can choose whether to declare your employer and the position that you hold within the business

We are interested but we have internal governance procedures to go through

Please take as much time as you need to consider the validity of the Code as it applies to you and feel free to contact us if you have any queries. You may sign the Code at any time.

Can we alter the content of the Code?

Not at this stage. There may well be revisions of the Code in the future as the regulatory and legislative environment develops. You would then be able to contribute to any future debate on how the Code might be adapted.



FREQUENTLY ASKED QUESTIONS

Is there a formal mechanism for ensuring adherence to the Code?

No. The Code is a voluntary exercise in cross-industry collaboration and enforcement is a matter for each signatory. We hope that your moral conscience and a willingness to be acknowledged as a signatory will guide you in your adherence to the Code along with knowledgeable debate amongst colleagues.

Is there a cost?

No. Signing the Code and having your name/logo displayed on the Code of Conduct website is entirely free of charge. If you wish to display the Code of Conduct logo in any of your literature, publicity, or as part of an email signature there is the option to make a voluntary donation to help defray expenses.

Should you opt not to make a voluntary donation then that is a matter entirely for you and we fully respect your decision. You may still use the logo and publicise your support of the Code.

How do we sign?

We have created 3 different options for you to sign the Code of Conduct and any individual, company or association can adopt the Code.

1.Download a pdf

If you not already received a pdf copy then you can request one which can be downloaded, signed, and scanned back to us. We will countersign and return a copy to you.

2.Electronic Signature

Simply follow the DocuSign instructions in the email from us and you can electronically sign the document as instructed

3.Visit the Website

Follow the link to the website where you will see the instructions on how to sign the Code



FREQUENTLY ASKED QUESTIONS

What Happens after I/we sign?

Unless instructed otherwise your name/logo will feature on the website and may be used in any additional publicity concerned with the Code of Conduct. We hope you will go on to use the Code in your business, if applicable, or as an individual and inform all stakeholders affected by AI deployments of your support of the Code.

How Can I Use the Logo?

Whether or not you have made a voluntary donation you may use the logo on any of your materials, email signatures, websites, or other promotional media. You may also promote your support of the Code of Conduct in any way that you see fit including use of social media outlets. On signing the Code we will despatch illustration files of the logo for you to use



Code of Conduct for the Development, Implementation, and Use of AI in Claims

Context:

The signatories to this voluntary Code of Conduct, be they companies, individuals, or associations, are committing themselves to the highest standards of behaviours and a dedication to ethical responsibility when planning, designing, or using AI in the management and settlement of claims. The content of this Code will guide our thoughts and intentions and help to ensure that AI is always used to deliver fair, equitable, and accountable outcomes.

Safety, Security, and Robustness:

AI systems in claims handling must be developed and applied with an unwavering focus on safety, security, and robustness. All information used to manage and conclude claims must be verifiable, auditable, and conform with rigorous standards of cyber security practices.

Transparency and Explainability:

There must be a decision-making logic in the application of AI in claims management and settlement that is transparent, explainable, and capable of scrutiny. Settlement outcomes should be perceived to be trustworthy by all stakeholders and especially by the claimants themselves.

Fairness:

Claims systems that are driven or influenced by AI must operate impartially, without avoidable bias, ensuring decisions are equitable. We will regularly audit AI decision-making patterns and the training data used in claims to uphold fairness across all demographics and geographies. Technical standards that address AI fairness will be integral to our approach.

Accountability and Governance:

We will establish governance mechanisms that define and manage compliance, accountability, and the subsequent design and implementation of AI-driven claims management systems and processes. We will ensure that all decisions and subsequent actions concerned with the use of AI in claims are recorded, auditable, and ethically justifiable.

Contestability and Redress:

Claimants must have the means to challenge AI decisions and seek redress. We will have and communicate clear procedures for claimants to dispute AI outcomes with skilled human input to the decision-making process and outcomes for all complaints received.

CONTACT DETAILS

info@aicodeofconduct.co.uk

www.aicodeofconduct.co.uk

07904 568049