underlying principles of insurance. Furthermore, risk-based underwriting is a key condition for preventing adverse selection and maintaining the financial stability of the sector.

Limiting the ability of insurers to access certain types of data is therefore not a feasible response to deal with the risk of discrimination in the context of AI. Instead, the focus of insurers and supervisors should be on compliance with the existing regulatory framework and on how this framework is applied in the context of AI.

Regulatory and Supervisory Response

The response by supervisors and policymakers to the use of AI within the insurance sector has so far been primarily risk- and principles-based. Principles such as transparency, human oversight, model risk management and cybersecurity seem to be the main focus of supervisors and regulators that have issued guidance on the topic. GFIA members also observe that the supervision of AI in the financial sector in their jurisdiction is often divided between multiple supervisors. This can sometimes lead to complex supervisory structures and unclarity on what supervisor is responsible for what part of AI supervision.

GFIA calls upon all involved supervisors to closely coordinate to avoid potential conflicting views or overlapping requests. Similarly, GFIA members strongly encourage dialogue between supervisors/regulators and the industry to develop a clear, shared understanding of the specific use cases, the risks associated with these use cases, what tools are already in place to address these risks, and what are the most practical ways for addressing potential remaining concerns.

GFIA would also encourage global supervisors and policymakers to seek to align their approaches with global principles and standards (such as the G7 and G20 principles), to the extent that it is possible, to ensure international interoperability and consistency, to prevent additional burdens and legal uncertainty to businesses and to enable innovation.

GFIA believes that this risk- and principles-based approach to AI regulation and supervision works well, especially given the rapidly changing nature of the technology. However, GFIA asks policymakers to be proportionate in their approach and, where possible, to rely on existing rules and regulations and contemplate whether the current regulatory framework already addresses potential concerns. This will help to prevent a fragmented landscape and keep the regulatory burden manageable, thus facilitating compliance and allowing AI to improve customer and industry outcomes.

AI has profound potential to enhance insurers' ability to provide the best outcomes for customers and to manage their own risks. The insurance industry and policymakers can work together to maximise this potential, achieving their objectives while safeguarding and protecting customers' fundamental human rights. GFIA stands ready to play its part in this process and hopes this paper provides a valuable contribution to the current exchange of ideas.

Contacts

Geeke Feiter, chair of the GFIA Disruptive Technologies Working Group (g.feiter@verzekeraars.nl)
Marianne Willaert, GFIA secretariat (secretariat@gfiainsurance.org)

About GFIA

The Global Federation of Insurance Associations (GFIA), established in October 2012, represents through its 42 member associations and 1 observer association the interests of insurers and reinsurers in 68 countries. These companies account for 89% of total insurance premiums worldwide, amounting to more than $4 trillion. GFIA is incorporated in Switzerland and its secretariat is based in Brussels.