

Media Release

Artificial intelligence and anti-discrimination: Major new publication

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- **Growth of 'big data' and artificial intelligence underlines the need for clarity on anti-discrimination law**
- **Actuaries Institute and Australian Human Rights Commission collaborate to proactively address this risk with major new Guidance Resource**
- **Targeted at those working in insurance pricing and underwriting**

The Australian Human Rights Commission (AHRC) and the Actuaries Institute (Institute) today said while artificial intelligence (AI) promises faster and smarter decision making, safeguards are needed to prevent potential discrimination.

A Guidance Resource issued today and prepared jointly by the AHRC and the Institute is designed to help actuaries and insurers to comply with the federal anti-discrimination legislation when AI is used in pricing or underwriting insurance products.

"This collaboration demonstrates the complex nature of the issues facing society, and the need for a multi-disciplinary approach, particularly where data and technology are used to shape the provision of fundamental services such as insurance," says Elayne Grace, Chief Executive of the Actuaries Institute.

"With AI increasingly being used by businesses to make decisions that may affect people's basic rights, it is essential that we have rigorous protections in place to ensure the integrity of our anti-discrimination laws," said Lorraine Finlay, Human Rights Commissioner.

"But without adequate safeguards, there is the possibility that algorithmic bias might cause people to suffer discrimination due to characteristics such as age, race, disability, or sex," Ms Finlay said.

"This Guidance Resource, prepared in conjunction with the Actuaries Institute, provides practical guidance for insurers on complying with the various federal anti-discrimination laws when using AI," Ms Finlay added.

The guidance was developed after a 2021 report by the AHRC that looked at the human rights impacts of new and emerging technologies, including AI-informed decision making.

One of the recommendations of that report was that a set of guidelines be developed for use by government and non-government organisations on complying with federal anti-discrimination laws when AI has been used in decision making.

The Actuaries Institute, the peak professional body representing the actuarial profession, strongly supported this recommendation and approached the AHRC with an offer to collaborate.

A survey of Actuaries Institute members this year found at least 70% indicated the need for further guidance to comply in the emerging area / wider use of AI.

Ms Grace said there was an urgent need for guidance to assist actuaries in the exercise of their professional duties, noting this Resource should also provide comfort to consumers that their rights were being protected.

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“Australia’s anti-discrimination laws are long standing but there is limited guidance and case law available to practitioners,” Ms Grace said. “The complexity arising from differing anti-discrimination legislation in Australia at the federal, State and Territory levels, compounds the challenges facing Actuaries, and may reflect an opportunity for reform.”

Ms Grace said several intersecting megatrends made the lack of guidance more problematic for actuaries. These trends include the explosive growth of ‘big data’, increased use and power of artificial intelligence and algorithmic decision-making and growing and changing consumer awareness and expectations about what is ‘fair’.

“Actuaries seek to responsibly leverage the potential benefits of these digital megatrends for the consumer, society and business. To do so with confidence, however, requires authoritative guidance to make the application of AI clearer in order to comply with the law.”

Actuary Chris Dolman, who led the Institute’s contribution to the preparation of the Guidance Resource as a representative of the Data Science Practice Committee, said it lists some strategies for insurers in relation to data used by AI systems to address algorithmic bias and avoid discriminatory outcomes.

Mr Dolman said this includes rigorous design, regular testing and monitoring of AI systems. It also provides several practical tips for insurers to help minimise the risks of a successful discrimination claim arising from the use of AI for pricing risk.

“In the insurance context, AI may be used in a wide range of different ways, including in relation to pricing, underwriting, marketing, customer service, including claims management, or internal operations,” he said.

“This Guidance Resource focuses on the use of AI in pricing and underwriting decisions, as these decisions are already likely to use AI and by their nature will have a financial impact which may be significant for an individual. Such decisions may also be more likely to give rise to discrimination complaints from customers. However, many of the general principles outlined may also apply to the use of AI-informed decision making in other contexts,” Mr Dolman said.

The full paper, ***Guidance Resource: Artificial intelligence and discrimination in insurance pricing and underwriting***, can be found [here](#).

Elayne Grace, CEO of the Actuaries Institute, and Lorraine Finlay, Human Rights Commissioner, are available for interview.

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About the Actuaries Institute and the Profession

As the peak professional body for Members in Australia and overseas, the Actuaries Institute represents the interests of the profession to government, business and the community.

Actuaries use data for good by harnessing the evidence to navigate into the future and make a positive impact. They think deeply about the issue at hand, whether it’s advising on commercial strategy, influencing policy, or designing new products. Actuaries are adept at balancing interests of stakeholders, clients, and communities.

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