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Trust, insurance and AI

To adopt or not to adopt ... is that still a question?

In KPMG's latest insurance CEO outlook survey (2025), 55% of CEOs identified ethical challenges as the biggest obstacle to artificial intelligence (AI) implementation¹.

These ethical challenges centre around two key concepts (in insurance, but also in life): fairness and trust. As things stand, clients already have doubts whether their insurer will pay out their claims ... and pay them out fairly. Add AI to the mix, and the question becomes: **how can insurers adopt AI and automate processes while still maintaining client trust?**

Asking this question assumes, perhaps prematurely, that AI adoption is both necessary and beneficial. And perhaps it is. Perhaps businesses that fail to adopt AI will lose out in terms of speed and client-centricity. There is a risk at present, however, that AI adoption is being driven by interest-laden hype, and vague fears of commercial extinction. The risk with this mindset is adopting AI for the sake of adoption without clear alignment with an organisation's culture, vision and strategy.

Insurers are already using AI in a variety of ways, from automating the process for submitting a claim to dynamic pricing and assistance with the assessment of claims. Much more will inevitably follow.

The truth is, we do not know yet what the ultimate impact of AI will be, and how it will change the ways in which we live, interact, do business and do insurance. However, exactly because we don't know yet, we need to proceed responsibly.

AI is an emergent technology - its hard and soft impacts are difficult to predict. The best we can do is remember and re-commit to our existing values as we proceed, train responsible data scientists and employees, and put measures in place to ensure that technology retains a human face.



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What to give away, and what to keep

While there is much to gain with the use of AI, we also stand to lose key assets, which may include:



One of the risks of increasing AI use is skills atrophy. Some preliminary studies demonstrate that over time AI use reduces cognitive engagement², and we can expect to become less competent at the tasks we delegate to AI. It is therefore important to identify the skills we wish to retain. If the ability to communicate and write is important to you, for instance, don't hand it over to ChatGPT.

Apart from competence, AI can also threaten fairness. Much has already been written about the dangers of biased AI outcomes. AI-driven fraud identification systems and recruitment tools have been shown to discriminate against specific ethnic groups. This happens because our AI systems inherit the injustices captured in historical forensic and recruitment data. However, what we recently also learned is that professionals like attorneys and even judges have been outsourcing their legal reasoning, as well as the evaluation of the merits of a case, to AI systems. The result has been heads of argument, judgements, and even draft governmental frameworks, sullied with hallucinated AI content.

¹ Cf. KPMG. 2025. *KPMG 2025 Insurance CEO Outlook*. Available at: <https://assets.kpmg.com/content/dam/kpmgsites/xx/pdf/2026/01/ceo-outlook-survey-insurance-report.pdf> [Accessed: 20 July 2026]

² Cf. Mineo, L. 2025. "Is AI dulling our minds?" in *The Harvard Gazette* Available at: <https://news.harvard.edu/gazette/story/2025/11/is-ai-dulling-our-minds/> [Accessed: 20 July 2026]

What suffers in the process, is trust. Partly because AI use is still being normalised, suspicion currently abounds. As we receive increasing amounts of AI generated content (from colleague emails and advertising banners to social media content), many people are unsure whether their colleagues are compensating for a lack of competence and diligence with the use of AI, and whether the information they receive from a variety of sources can be trusted.

And worryingly, we are also losing people. Not only are companies already recruiting fewer employees in anticipation of AI efficiencies, but in some cases, AI is even assisting with layoffs. As an example, dozens of employees recently sued the social media company Meta, claiming that AI tools were used to identify workers in a mass layoff process. The suit alleges that "Meta used a 'constellation of internal artificial intelligence systems', including AI performance ratings and keystroke- and activity-monitoring data, to pinpoint who to lay off"³.

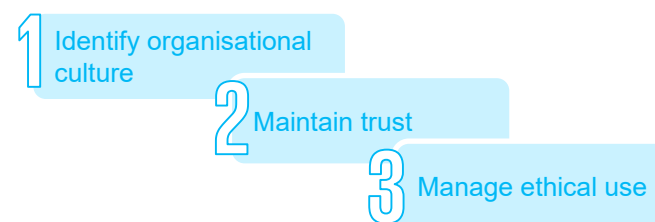
Towards AI that enhances human flourishing

If the intention is to enhance insurance while also allowing employees to flourish, for companies to retain their human character, and for clients to enjoy improved cover and confidence, then what can we do?

The first step is to identify the kind of organisational culture one wishes to develop or retain. The use of AI should not be driving one's culture. Instead, the culture of the organisation should drive the use of AI. Put differently, this is a matter of memory and consistency - remember the reason why your organisation exists, the values that have guided it, and ensure that these keystones remain and survive the adoption of AI.

Secondly, you cannot hope to maintain client trust in the absence of internal trust. Before considering the ways in which AI will assist in client service, consider how you wish it to assist employees. Communicate clearly and honestly why and how AI will be adopted, and with which implications. Including employees in the process will be key.

Finally, manage the ethical use of AI. This requires interventions at two levels: the general employee level and the project level.



Because your employees are already using AI as part of their work (and independently of your AI strategy), it is important to develop and socialise clear guidelines for responsible AI use. Employees should be in no doubt about the permissible and impermissible uses of AI. As with any other risk, compliance with these guidelines should be monitored, and it should receive oversight.

At the same time, any project-based uses of AI, and the introduction of any AI tools to enhance internal processes or external client service, must be subject to adequate governance. Such governance should include: clear allocation of responsibilities and accountability; ongoing risk assessments; diverse development and deployment teams; ongoing monitoring of bias and model accuracy; human oversight; and recourse channels for employees and clients who are subject to AI judgements.

Conclusion

AI is no longer science fiction or a vague future possibility. It has fast been assimilated into most everyday processes - from grocery shopping and driving to exercise and media. In the process, human beings are increasingly treated as nothing more than constellations of data. To preserve humanity and trust as AI surges forward, we would do well to remember that human beings are more than the sum of data we have about them.

³ Cf Kerr, D. 2026. "Meta used AI to tag workers who took leave to be laid off, lawsuit claims" in The Guardian 15 July 2026 (<https://www.theguardian.com/technology/2026/jul/14/meta-ai-mass-layoffs-lawsuit>)

