

Questions for public consultation on draft Application Paper on the supervision of artificial intelligence

Thank you for your interest in the public consultation on draft Application Paper on the supervision of artificial intelligence. The Consultation Tool is available on the IAIS website.

Please do not submit this document to the IAIS. All responses to the Consultation Document must be made via the [Consultation Tool](#) to enable those responses to be considered.

Consultation questions

1	General comments draft Application Paper on the supervision of artificial intelligence
2	General comments on Executive Summary The “)” is not needed on the following from #2: <i>“However, with these advancements come notable risks that could detrimentally impact the financial soundness of insurers (see paragraph 9) and consumers as well)”</i> .
3	General comments on Section 2
4	Comments on Section 2.1 Context and objective
5	Comments on Section 2.2 AI system definition We support noting the blurred lines between AI and non-AI systems and considering that risks in non-AI systems may be addressed in this paper.
6	Comments on Section 2.3 Scope and structure We recommend not excluding the use of GenAI to create fake claims. This is a valid fraud risk.
7	Comments on Section 2.4 Proportionality and risk-based supervision Due to the importance of the proportionality principle, we recommend including the definition from the ICP in this document: <ul style="list-style-type: none"> • “Application – proportionality allows the supervisor to increase or decrease the intensity of supervision according to the risks inherent to insurers, and the risks posed by insurers to policyholders, the insurance sector or the financial system as a whole. A proportionate application involves using a variety of supervisory techniques and practices which are tailored to the insurer to achieve the outcomes of the ICPs. Such techniques and practices should not go beyond what is necessary in order to achieve their purpose”. <p>Table 3 – We recommend changing the word “beneficial.” Fairness and beneficial are not always consistent for all parties.</p> <p>#28. We support including alternative governance measures and note the importance of both human oversight and guardrails.</p>
8	Comments on Section 2.5 The role of supervisors and supervisory tools
9	General comments on Section 3
10	Comments on Section 3.1 Introduction
11	Comments on Section 3.2 Risk management systems
12	Comments on Section 3.3 Corporate culture We recommend recognizing shadow AI which is non-IT approved GenAI usage by employees.
13	Comments on Section 3.4 Human oversight and allocation of management responsibilities We support emphasizing the need for human oversight and developing measures of effectiveness.

14	<p>Comments on Section 3.5 Use of third-party AI systems and data</p> <p>We recommend adding the following key components</p> <ul style="list-style-type: none"> • Testing data integrity, data lineage, accuracy • Testing data for compliance with local regulations • Performance testing – what do tests look like <p>We think it is important to include the information from #71 here too.</p>
15	Comments on Section 3.6 Traceability and record keeping
16	General comments on Section 4
17	Comments on Section 4.1 Introduction
18	<p>Comments on Section 4.2 AI system robustness</p> <p>Add testing for integrity of third party</p>
19	<p>Comments on Section 4.3 AI system safety and security</p> <p>In Box 2, we recommend rewording the first sentence. The use of GenAI and LLMs is increasing rapidly.</p>
20	General comments on Section 5
21	Comments on Section 5.1 Introduction
22	Comments on Section 5.2 Explaining AI system outcomes
23	Comments on Section 5.3 Explanations adapted to the recipient stakeholders
24	General comments on Section 6
25	<p>Comments on Section 6.1 Introduction</p> <p>#75. We support including this distinction.</p>
26	Comments on Section 6.2 Fairness by design
27	Comments on Section 6.3 Data management in the context of fairness
28	<p>Comments on Section 6.4 Inferred causal relations in an AI system</p> <p>Not all countries may require a demonstration of causation. This section seems to advocate for causation when only correlation may be required.</p>
29	Comments on Section 6.5 Monitoring the outcomes of AI systems
30	<p>Comments on Section 6.6 Adequate redress mechanisms for claims and complaints</p> <p>How responsive should the company be once the information is corrected?</p>
31	Comments on Section 6.7 Societal impacts of granular risk pricing
32	What further work could the IAIS undertake on artificial intelligence?
33	Are there risks not effectively captured by the IAIS' work on artificial intelligence?