Session 6C: The Machines are Taking Over... But is Anyone Watching?

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SOCIETY OF ACTUARIES
Antitrust Compliance Guidelines

Active participation in the Society of Actuaries is an important aspect of membership. While the positive contributions of professional societies and associations are well-recognized and encouraged, association activities are vulnerable to close antitrust scrutiny. By their very nature, associations bring together industry competitors and other market participants.

The United States antitrust laws aim to protect consumers by preserving the free economy and prohibiting anti-competitive business practices; they promote competition. There are both state and federal antitrust laws, although state antitrust laws closely follow federal law. The Sherman Act, is the primary U.S. antitrust law pertaining to association activities. The Sherman Act prohibits every contract, combination or conspiracy that places an unreasonable restraint on trade. There are, however, some activities that are illegal under all circumstances, such as price fixing, market allocation and collusive bidding.

There is no safe harbor under the antitrust law for professional association activities. Therefore, association meeting participants should refrain from discussing any activity that could potentially be construed as having an anti-competitive effect. Discussions relating to product or service pricing, market allocations, membership restrictions, product standardization or other conditions on trade could arguably be perceived as a restraint on trade and may expose the SOA and its members to antitrust enforcement procedures.

While participating in all SOA in person meetings, webinars, teleconferences or side discussions, you should avoid discussing competitively sensitive information with competitors and follow these guidelines:

- Do not discuss prices for services or products or anything else that might affect prices
- Do not discuss what you or other entities plan to do in a particular geographic or product markets or with particular customers.
- Do not speak on behalf of the SOA or any of its committees unless specifically authorized to do so.
- Do leave a meeting where any anticompetitive pricing or market allocation discussion occurs.
- Do alert SOA staff and/or legal counsel to any concerning discussions.
- Do consult with legal counsel before raising any matter or making a statement that may involve competitively sensitive information.

Adherence to these guidelines involves not only avoidance of antitrust violations, but avoidance of behavior which might be so construed. These guidelines only provide an overview of prohibited activities. SOA legal counsel reviews meeting agenda and materials as deemed appropriate and any discussion that departs from the formal agenda should be scrutinized carefully. Antitrust compliance is everyone’s responsibility; however, please seek legal counsel if you have any questions or concerns.
Presentation Disclaimer

Presentations are intended for educational purposes only and do not replace independent professional judgment. Statements of fact and opinions expressed are those of the participants individually and, unless expressly stated to the contrary, are not the opinion or position of the Society of Actuaries, its cosponsors or its committees. The Society of Actuaries does not endorse or approve, and assumes no responsibility for, the content, accuracy or completeness of the information presented. Attendees should note that the sessions are audio-recorded and may be published in various media, including print, audio and video formats without further notice.
Discussion Panel

Ally Zhang is an Actuarial Manager with EY based in New York office. Her primary role is to support clients with financial reporting, covering IFRS, US GAAP and US STAT related topics. Her secondary focus is on advising clients on Artificial Intelligence Machine Learning (AIML) application in life insurance and annuity space. Examples of her recent work cover application of AI augmented actuarial assumption setting, ML accelerated stochastic computing, and deep hedging. She is also a contributor to SOA’s Predictive Analytics Symposium.

Marshall Lagani is a Consulting Director for the Data Science & Analytics group at Securian Financial. He has over a decade of experience in designing and implementing computational solutions for insurance companies with a particular focus on proxy modeling using techniques from machine learning. He is AWS Certified in Machine Learning and holds a Masters Degree in Mathematics from the University of Louisville.

Mark McLaughlin is IBM’s Global Insurance Director, leading IBM’s Global Insurance strategy, solutions, and partnerships. Mark’s teams analyze trends in the insurance business and in technology, predict strategies for insurers, and build IBM insurance solutions to meet insurer needs. Mark shares IBM’s point-of-view on insurance with business leaders, regulators, and conference audiences worldwide. He is a 25-year veteran of the insurance industry.
New business models will be the basis of future competition

Today

- Pay claims and benefits after a loss
- Sell products: fixed term & rate contracts
- “Insurance is sold, not bought” via intermediary channels

New Capabilities

- Risk Partners
  - Proactively prevent losses
- Risk Advisors
  - Value-added advice & services
- Insurance-aaS
  - Coverage at point of risk

AIML developments

- Recognition
  - Interpret risk data
  - Actuators, alerts, automation
  - Personalized action prompts
- Insight
  - Omnichannel advice
  - Flexible data-linked products
  - Emotional resonance and psychographics
- Connection
  - New offers in new connected markets
  - Insurance as API
  - Holistic backstop

Potential Use Cases

- IoT alerting
- Driver coaching
- Hazard avoidance
- Microproducts
- Lifestyle management networks
- Eldercare and advice
- Risk concierge
- Wallet share via embedded offers
- Overview agents