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## **How Privacy & Ethics Impact Assessments Strengthen AI Governance**

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Speaker/Company

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Abstract

The rapid technological developments in the past years in the field of Artificial Intelligence ("AI") and the possibilities to utilize and leverage large amounts of customer data readily available for analytics increase also the opportunities for the insurance industry to offer personalized products, to improve risk models and pricing & underwriting efforts including fraud detection and to gain new customer groups etc. At the same time „Black Boxes“ and hidden bias in AI solutions could threaten customers' trust.

Therefore the chances and risks of the usage of Big Data and AI need to be carefully balanced. Core legal principles especially in the area of customer protection and Privacy build a solid basis for a strong governance framework for trustworthy AI. Organizations should promote an interdisciplinary dialogue between Data Scientists, Business Owners, Actuaries, Compliance and Privacy Experts to achieve a user-friendly interpretation and implementation of the current law without hindering innovation.

But the current regulatory discussion around AI is more focused on the question whether an additional, AI specific regulation is needed to handle possible negative outcomes for society as a whole and individuals as well. Various regulatory initiatives on a global and European level have been developed and it is not clear yet to which extent these new rules will become mandatory for the public as well as the private sector. Especially the upcoming EU regulation on AI could lead to a stricter regulatory regime with anti-discrimination rules going beyond the current EU law. This might hamper innovation in the insurance sector, in particular in the area of underwriting/pricing. In addition EIOPA is currently working on a guidance regarding the operationalization of digital ethics principles in the insurance sector.

As over-complex regulation could narrow the great opportunities of AI for society, customers and financial stability the potential of the current regulatory environment to handle AI specific challenges should be considered carefully. A profound Privacy and Ethics by Design approach helps organizations to tackle legal and ethical implications of AI applications at an early stage and to raise overall awareness for a human-centric AI approach among employees. In this respect a „Privacy and Ethics Impact Assessment“ is a key tool to identify and mitigate risks of AI solutions by incorporating core legal principles such as Transparency, Fairness, Privacy, Human Agency and Accountability. In the presentation various insurance/pricing & underwriting related use cases should be discussed based on best practice Privacy and Ethics Impact Assessments.

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### Biography

As Digital Compliance Counsel at Allianz SE, Sarah Johanna Zech advises on compliance matters, especially Privacy and Data Protection, in the digital space including Big Data & AI and Data Ethics. She oversees the Group privacy compliance within the Allianz SE Business Transformation division and steers global regulatory implementation projects with regard to digital business.

Prior to joining Allianz, Sarah worked for about five years as attorney-at-law in different law and audit firms with a special focus on financial regulation matters (MiFID II, PSD 2, AIFMD etc) and compliance. She gained extensive experience in internal investigations in investment banking and also in advising a wide range of clients in the financial sector, particularly credit institutions, investment firms, investment management companies and Fintech companies. Sarah holds a second degree (Magister Artium) in art history and philosophy.

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