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# NEWS RELEASE

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## **Academy Paper Examines Emerging Issues Brought About by the Increased Use of Big Data and Algorithms in Insurance**

WASHINGTON—A new public policy paper published by the American Academy Actuaries, [Big Data and Algorithms in Actuarial Modeling and Consumer Impacts](#), provides a framework for consumers, regulators, legislators, insurers, and actuaries seeking to better understand how the increased use of big data and algorithms is impacting insurance, and some of the challenges the changes are creating.

“The use of new data sources and techniques in the insurance sector is proliferating, raising questions about what it means for different stakeholders,” said Dorothy Andrews, chairperson of the Academy’s Data Science and Analytics Committee, which developed the paper. “With the rise and continuing evolution of big data, we see the introduction of new factors that consumers need to understand in their insurance coverages, that public policymakers should consider in weighing legislative and regulatory responses, and which insurance actuaries and others who use them in their work, need to do so ethically and with professionalism.”

As big data and the increased use of algorithms are driving innovations to the traditional insurance framework with potential benefits, there are also challenges such as:

- Identifying the appropriate role for regulation to foster innovation, access, sustainability and to safeguard consumer privacy and other consumer protections.
- Defining the appropriate, and ethical use of data and models, and the role of human judgment, in the use of advanced techniques such as artificial intelligence and predictive modeling.
- How to advance positive transformation within the insurance industry to promote the benefits and address the challenges posed by big data as the industry becomes more reliant on it.

Read the [paper](#) and learn more at [actuary.org](http://actuary.org).

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providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.