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WORKERS COMPENSATION

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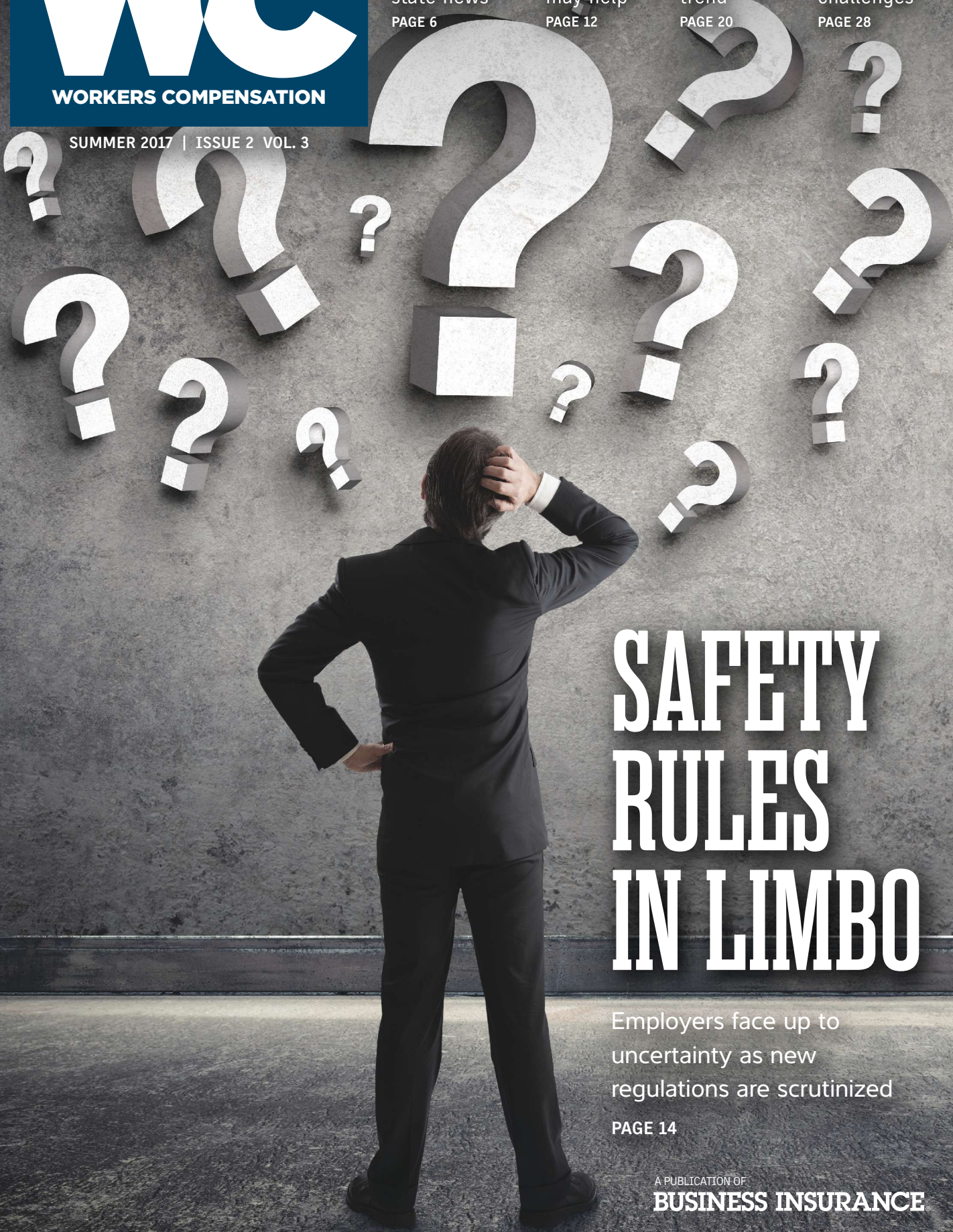
SAFETY RULES IN LIMBO

Employers face up to uncertainty as new regulations are scrutinized

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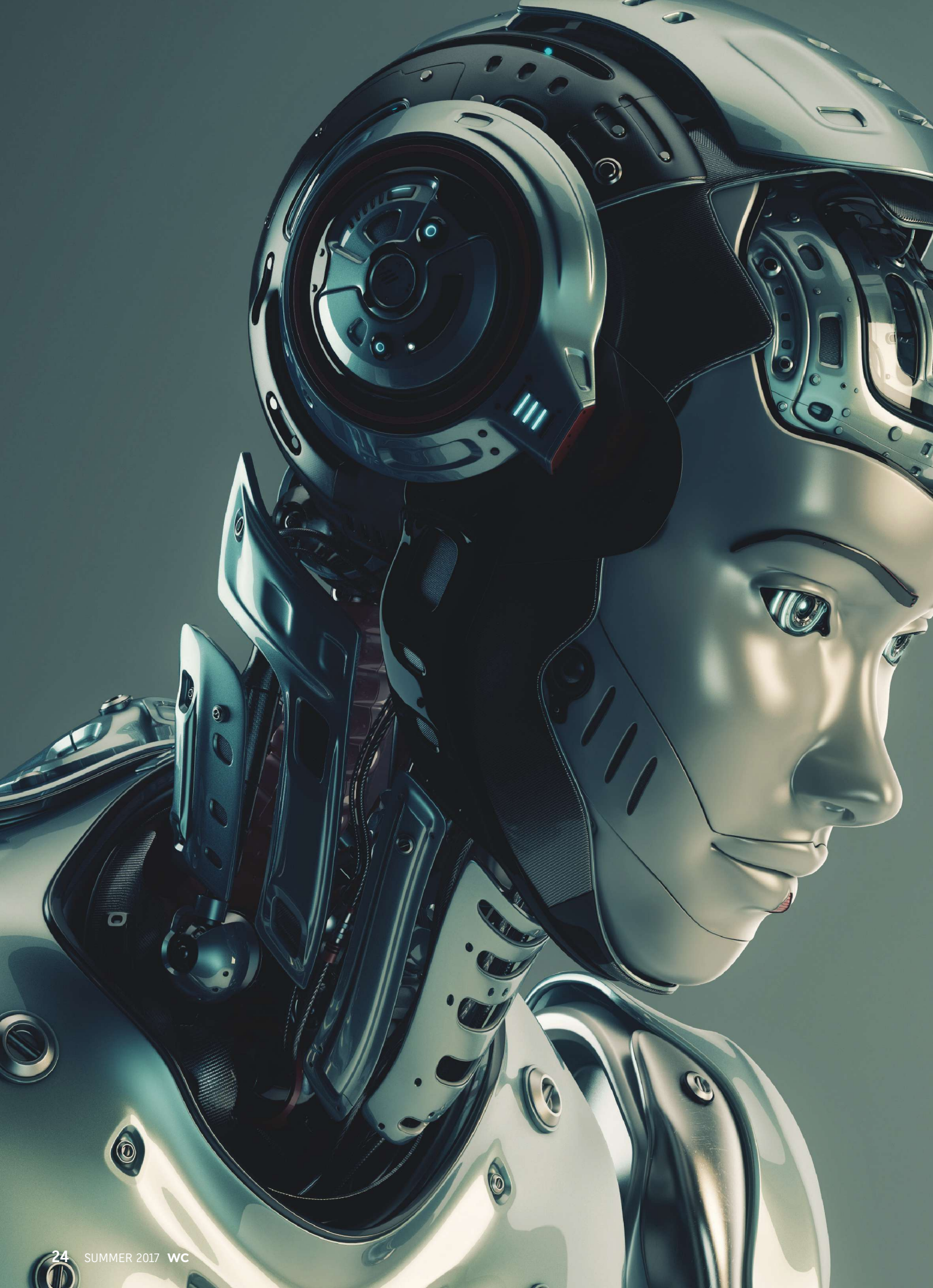
ADAPTING AS
AI EVOLVES

As artificial intelligence enters the workplace, employers and workers comp insurers must address some difficult questions

BY REINALDO ALVAREZ & KAREN CALLEJO

Artificial Intelligence technology is moving so quickly that it is difficult to keep up and it will continue to grow at unimaginable speeds. While it's difficult to predict exactly how AI will affect workers compensation in the future, there are at least many questions employers and workers should be asking about the technology.

We have all heard of AI, but do we know what it is? If you ask 10 people what AI is, you will probably get 10 different answers. AI is usually defined as machines that are programmed to "think" like a human and mimic the way a person acts. The ideal characteristic of AI is its ability to rationalize and take actions that have the best chance of achieving a specific goal.

Taking a broad definition of the technology, we use AI on a daily basis but often don't realize we are using AI-enabled technology. In January 2017, a HubSpot survey of consumers globally indicated that AI technologies are already widely used today but that people just don't realize it. The survey of over 1,400 consumers

Nearly 40% of U.S. jobs may be vulnerable to replacement due to automation in the next 15 years. This is not new: it's estimated that 85% of manufacturing jobs lost in 2000-2010 were due to automation.

Sources: PricewaterhouseCoopers L.L.P.; Ball State University.

globally about AI found that just 37% of respondents said they had used an AI tool. But through follow-up questions, it was determined that 63% of respondents had and were using AI tools.

When you get up in the morning, you are able to ask Apple Inc.'s Siri, Google Inc.'s Home, Amazon.com Inc.'s Echo (Alexa) or Microsoft's Cortana about the news, the weather, your schedule or the previous night's sports scores. AI is used in certain portions of our social media.

AI is used in Google Maps, Waze and other navigational apps to get you to your desired location as quickly as possible by avoiding major traffic and accidents.

If you forgot your wallet at home, you can borrow money from a friend and use a money mailing system like Venmo to return the money right away, or you can now use your phone as your ATM card to pull money from your account at an ATM machine and, of course, you can use platforms like Apple Pay or Samsung

Pay to make purchases. You can deposit a check straight into your account by simply taking a picture of the check.

Based on search history, Google and other search engines can personalize your results, including your news content.

An AI use that most of us have experienced is online shopping. Most of us have come home to an Amazon box at our door. The next time you go on Amazon you will see AI technology at work. Amazon will use your personal shopping habits to make you offers on other products that you may be interested in.

Affect on jobs

AI also has some unknowns — while it makes our lives easier, what will it do for the worker? We've seen how the internet has affected jobs, reducing the need for bank tellers, salespeople, retail staff and others. At the same time, it has created the sharing economy, consisting of several new employment opportunities, such as Uber drivers.
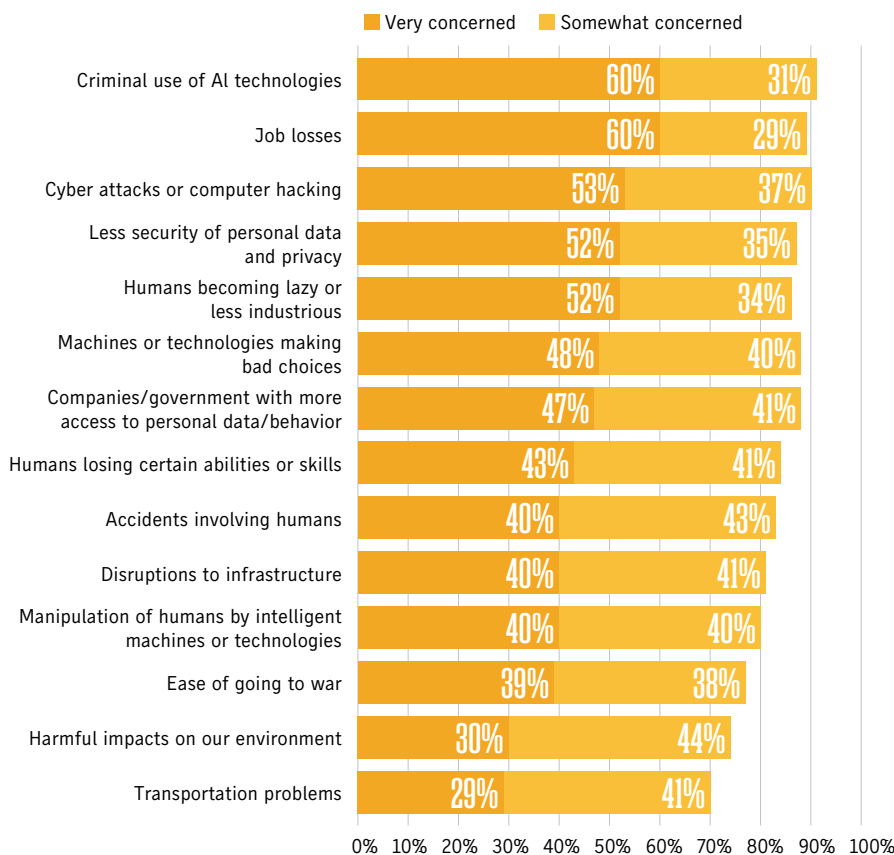
The federal government's October 2016 "Report on Preparing for The Future of Artificial Intelligence" calls for education in AI training, which is multidisciplinary in nature and calls for a strong background in computer science, statistics, mathematical knowledge and information theory.

Last June, Weber Shandwick and KRC Research performed a study regarding people's feelings about AI. The probability of job loss due to AI was the largest concern among respondents. When asked whether AI is more likely to create jobs or lead to job loss, 82% said job losses and 18% said job gains.

A PricewaterhouseCoopers L.L.P. study released in May indicated that nearly 40% of jobs in the United States may be vulnerable to replacement due to automation within the next 15 years. This is not a new phenomenon; in June 2015, a Ball State University report estimated that 85% of the 5.6 million jobs lost in manufacturing between 2000-2010 were due to automation.

AI CONCERNS

Potential outcomes of AI that consumers are concerned about (% global consumers)

■ Very concerned ■ Somewhat concerned

Concern	Very concerned	Somewhat concerned
Criminal use of AI technologies	60%	31%
Job losses	60%	29%
Cyber attacks or computer hacking	53%	37%
Less security of personal data and privacy	52%	35%
Humans becoming lazy or less industrious	52%	34%
Machines or technologies making bad choices	48%	40%
Companies/government with more access to personal data/behavior	47%	41%
Humans losing certain abilities or skills	43%	41%
Accidents involving humans	40%	43%
Disruptions to infrastructure	40%	41%
Manipulation of humans by intelligent machines or technologies	40%	40%
Ease of going to war	39%	38%
Harmful impacts on our environment	30%	44%
Transportation problems	29%	41%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Source: AI – Ready or Not: Artificial Intelligence Here We Come, June 2016 survey by Weber Shandwick and KRC Research
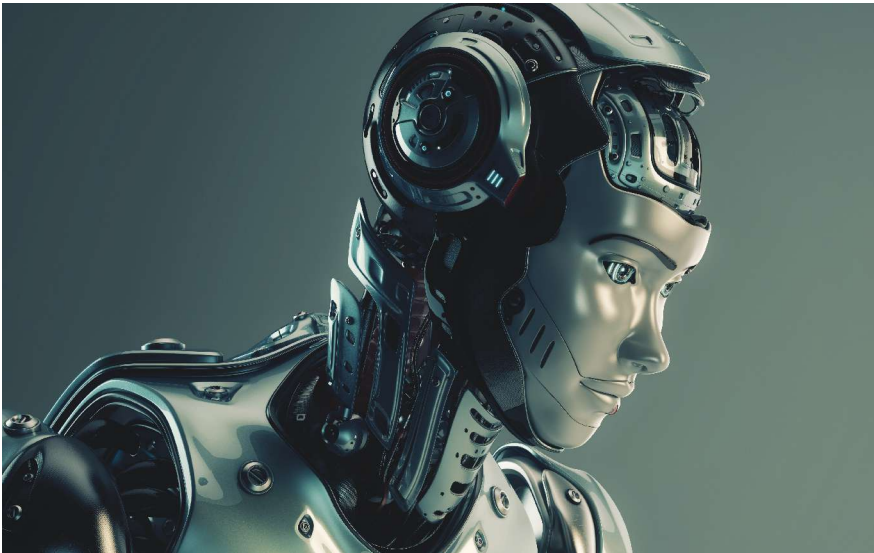
It is not just the warehouse worker or the bank teller that needs to worry; AI cuts across numerous fields.

In the medical field, for example, AI will be able to mine hundreds and hundreds of personal medical records and will be able to design evidence-based treatment plans. Telemedicine is already here, and AI applications that offer medical consultations on routine conditions and to provide medical monitoring are already being prepared.

In insurance, Zurich Insurance Group Ltd. in May revealed it is using AI to help decide personal injury claims, reporting that it has saved more than 40,000 work hours using the technology.

In Japan, Fukoku Mutual Life Insurance Co. said in January that it had replaced some claims staff with AI and that it expects to save more than $1.3 million a year as a result.

In the legal field, the most affected positions within a law office will be paralegals, law clerks, general office staff and, possibly, a reduction in the number of attorneys in a firm. Given that insurance companies are moving toward AI, this may have a ripple effect and lead to a move away from outside counsel.

But AI will create new, yet-unknown jobs in the same way that the expansion of the internet has created numerous new positions in many sectors — from programming to social media management.

Workers compensation

AI technology never takes a day off, never gets sick, doesn't get sloppy and is able to do tasks much faster than humans, but humans will still get hurt while at work. There are going to be a lot of changes to the workplace and these changes will bring novel issues with them. While there are numerous questions to ask about how AI will affect workers comp, some key ones are:

- How will workers comp insurers use AI to reduce costs?
- Will businesses use workers comp statistics, such as rate of injury occurrence, cost of injuries of business and other data to invest and move into AI faster than anticipated?
- Will workers comp payers incorporate new medical technology to move the claimant back to work sooner than before?
- Given the advances in AI, will doctors be more claimant-oriented or defense-oriented?
- Will a judge use an AI "doctor" as an independent medical examiner to determine which side is correct?
- Will injured workers have jobs to return to when they are able to return?

While it's too early to answer these questions, we have little option but to embrace AI and start acquiring the necessary skill set and education in order to participate in this new internet/AI economy.

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