

in the know generative AI— asset or liability?

Reproduced with permission from *Plans & Trusts*, Volume 41, No. 5, September/October 2023, page 34, published by the International Foundation of Employee Benefit Plans (www.ifebp.org), Brookfield, Wis. All rights reserved. Statements or opinions expressed in this article are those of the author and do not necessarily represent the views or positions of the International Foundation, its officers, directors or staff. No further transmission or electronic distribution of this material is permitted.

What GPT, the generative artificial intelligence (AI), captured the world's attention, emerging as the fastest growing technology platform in history. AI presents users with tools to generate ideas and boost productivity for their work or studies, but experts express deep concerns about the technology and the risk of misuse.

What Is Generative AI?

Generative AI refers to algorithms like ChatGPT that can create or generate new content, data or information. Unlike traditional AI models that are used for tasks such as classification or prediction, generative AI models can produce original outputs that resemble human-created content.

According to KPMG's 2023 *Generative AI Adoption Index* conducted in May 2023, 20% of Canadians have integrated generative AI into their professional routines. Among those who use some form of AI at work, 55% say the tools save them between one and five hours per week, 67% say it allows them to take on additional work that they otherwise wouldn't have capacity for and 65% find generative AI essential to managing their workloads.

Usage in Employee Benefits

Using AI in the employee benefits community offers various advantages and opportunities for improvement.

In response to the prompt "What are the benefits and risks using AI presents to the employee benefits community?" ChatGPT provided the following examples:

- **Personalization:** AI enables personalized benefits recommendations based on individual employee data, leading to higher employee satisfaction and engagement.
- **Efficiency:** AI automates time-consuming tasks such as benefits enrollment, claims processing and communication, reducing administrative burden and freeing up HR resources.
- **Data-driven decisions:** AI can analyze large datasets to identify trends, predict benefits, and optimize ben-

efit plans, leading to more informed and effective decision making.

- **Cost savings:** By optimizing benefits offerings and streamlining processes, AI can help companies save costs while still providing valuable benefits to employees.

AI-powered tools can enhance health care benefits management by guiding employees to cost-effective providers and promoting wellness initiatives.

Concerns

"Generative AI tools are potentially transformative for employee productivity, but the reality is employees don't always use them responsibly. Implementing a responsible AI framework—which includes both policies and tools that identify and mitigate risks with AI output—can help protect against misuse of this powerful technology," Ven Adamov, co-leader of KPMG, said in a prepared statement.

As generative AI continues to evolve, it comes with some inherent risks, and Adamov thinks organizations need to clearly define how it's being used and be fully transparent. AI algorithms can inherit biases present in the data they are trained on, leading to potentially unfair outcomes in benefits recommendations or decisions. AI systems may encounter technical issues or errors that could affect the accuracy of benefit recommendations or claims processing or decisions, the KPMG report points out. Therefore, KPMG recommends that organizations must prioritize stringent data protection protocols when acquiring and analyzing sensitive employee and participant information.

Remember that while AI can provide significant resources, it's crucial to maintain a balance between technology and the human touch. To address these risks and maximize the efficacy of AI use, Adamov suggests that employers and plan sponsors should use AI responsibly, ensure fairness and accountability in algorithmic decision making, invest in employee education and training, and continuously monitor and evaluate AI system performance as organizations determine how to best integrate AI resources into the benefits landscape.

