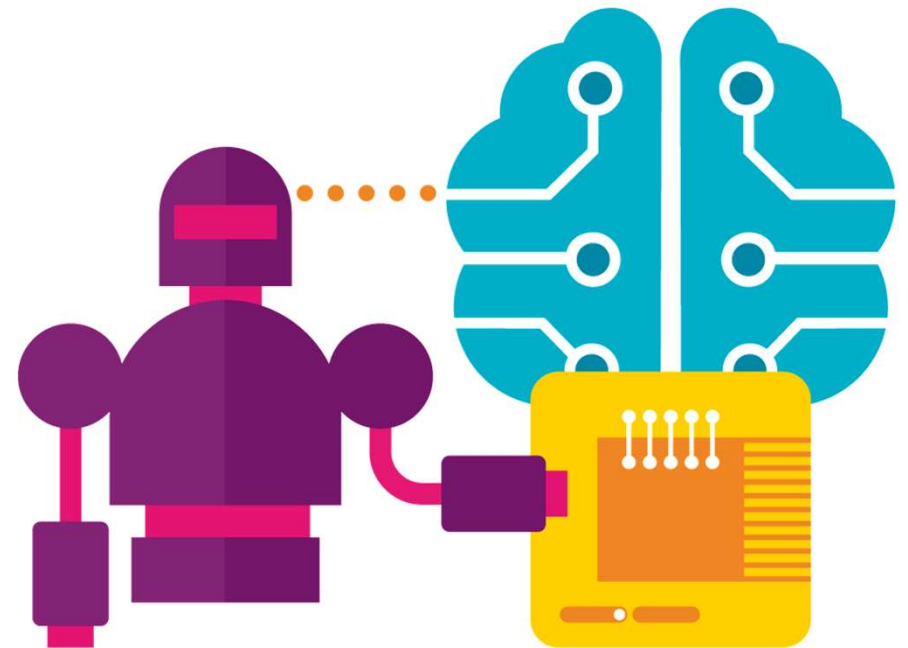


PIF Conference - 2 July 2024

Brave New World?

The rise of AI and its impact on
the liability of professionals

Neil Howes/David Gooding/Jacqui King



How do humans react to emerging technology?



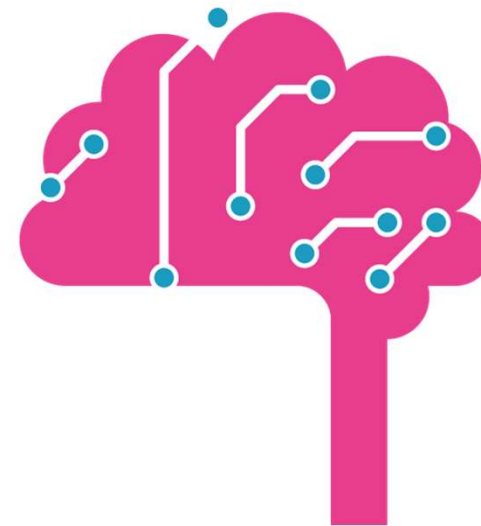
What is Gen AI and how is it different?

- AI is already part of our everyday lives
- How is Gen AI different?
- How do LLMs work?
- What are their current limitations?



Improving the accuracy of LLMs

- Prompt Engineering
- Grounding

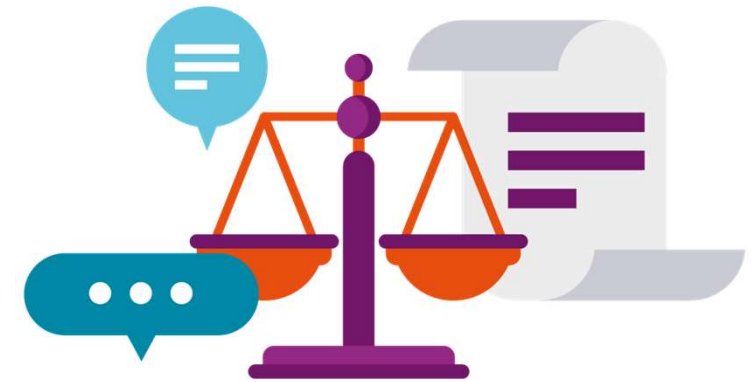
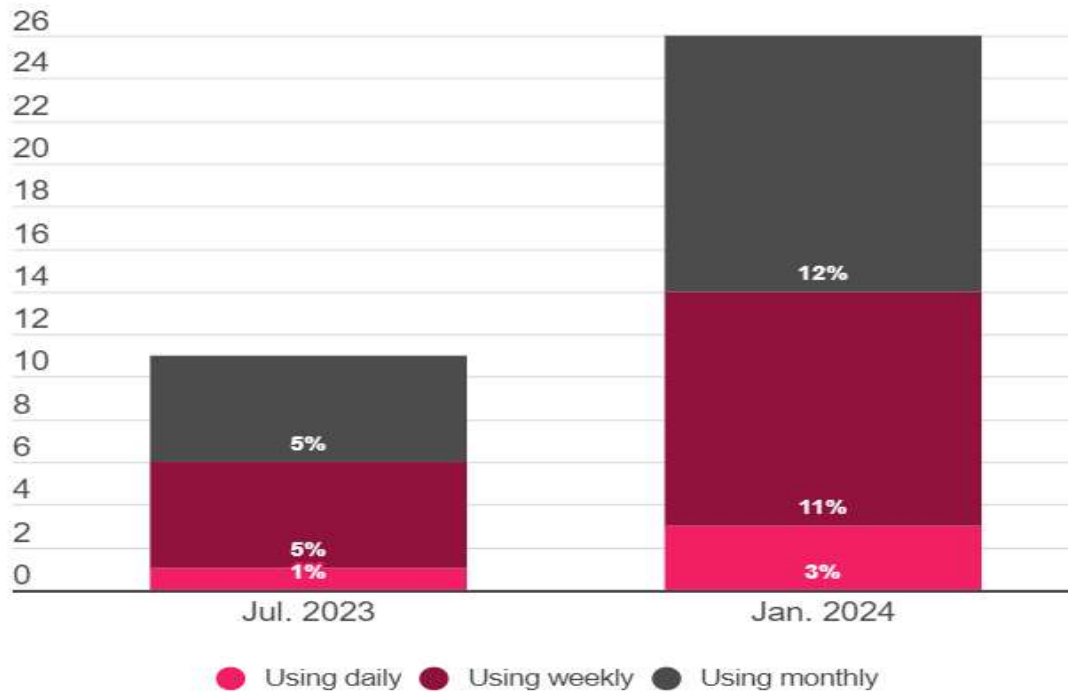


AI – use by lawyers

- Legal research
- Drafting
- Document summarisation and analysis
- Automation



Gen AI - Use by lawyers



Credit to Lexis Nexis: [Lawyers cross into the new era of generative AI \(lexisnexis.co.uk\)](https://www.lexisnexis.co.uk)

MILLS & REEVE
Achieve more. Together.

Gen AI – use by Accountants

- Types of work
- Client base large or small
- Automating Processes
- Increasing productivity



Gen AI – use by Accountants

- 8% using Gen AI
- 13% planning to
- 30% in contemplation
- 49% no plans to use it



Gen AI – use by Accountants

- The "Big 4"
- Investing huge sums into Gen AI tools
- Similar moves as lawyer
- Game changer - bespoke use for audit work



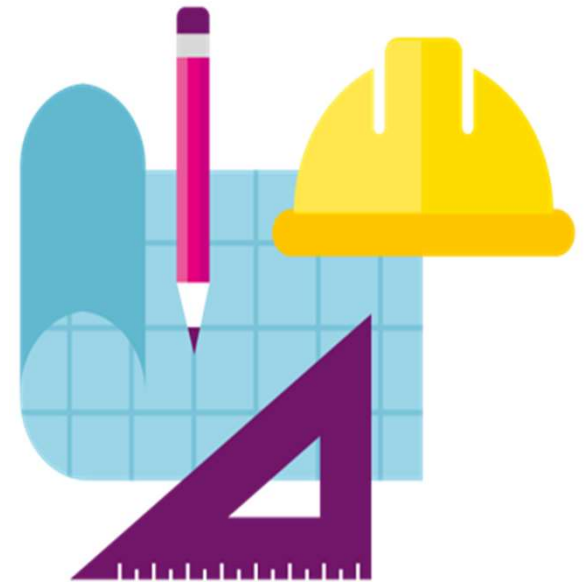
Gen AI – use by Architects

- Design creation, e.g Midjourney
- Digital twinning
- Environmental sustainability
- Streamlining processes
- Optimising construction schedules



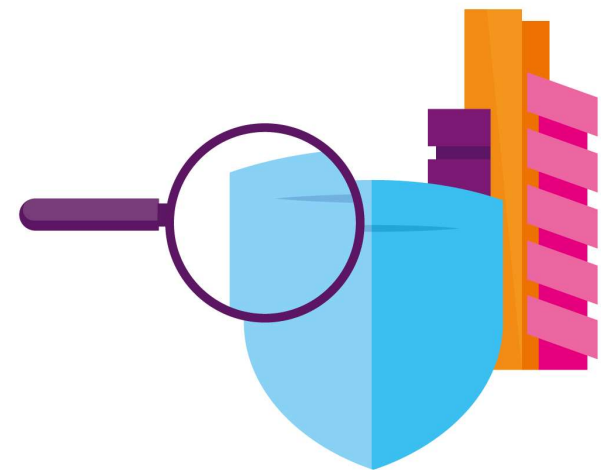
AI – use by Architects

- RIBA Study - February 2024
- Over 50% of architects have basis knowledge of AI
- 41% are already using but to what extent?
- What are the most common current uses?
- How is that likely to change over time?



The risks to professionals

- IP infringement
- Breach of confidentiality/data breaches
- Inaccuracies in data and bias issues
- User error and over-reliance
- Misunderstanding AI's limits

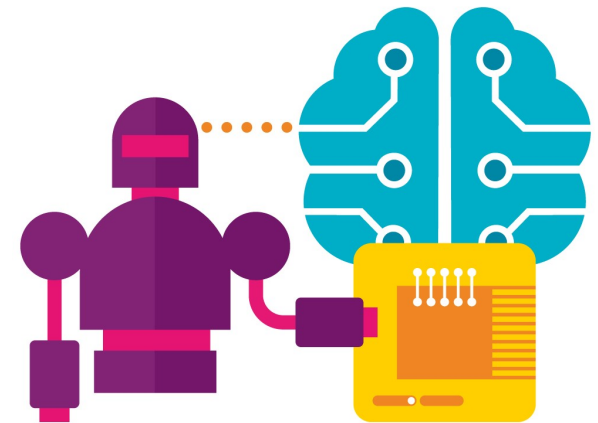


The risks to professionals

- *"The problem starts when people think AI is smarter than it is"*

Meredith Broussard - NYU Alliance for Public Interest Technology

- Gen AI cannot "think" for itself
- The relevance of prompt engineering and grounding
- Gen AI can hallucinate



The risks to professionals

=

ChatGPT >



In the case of **Axis Reinsurance Company v. Discovery Land Company, LLC**, the Ninth Circuit Court of Appeals addressed an insurance coverage dispute involving claims of fraudulent conduct. Here are the key points of the case:

5. **Ninth Circuit Decision:** The Ninth Circuit upheld the district court's decision, agreeing with Axis that the fraudulent conduct exclusion applied. The court found that the investors' claims were fundamentally rooted in allegations of fraud, thus falling within the exclusion.

Regulatory considerations

- Disciplinary action
- Assessment of the risks
- Evolving regulatory landscape



Potential implications for PI claims : Lawyers

- Incorrect advice
- Missed deadlines
- Contract drafting
- Fraud and money laundering
- Client confidentiality



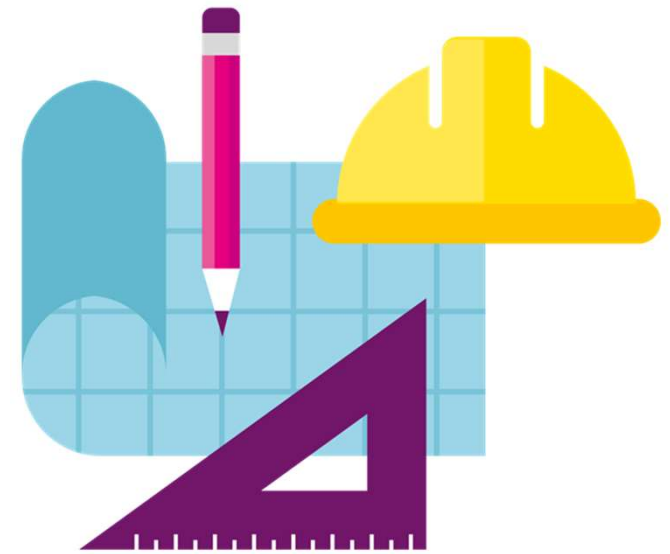
Potential implications for PI claims : Accountants

- Change in risk profile?
- Change in types of claims
- Small and medium firms vs large firms



Potential implications for PI claims : Architects

- Design uses – copyright and ownership issues?
- Other design risk issues
- Inaccuracies or biases in data used by Gen AI
- Over-reliance on Gen AI outputs
- Lack of understanding of current Gen AI limits



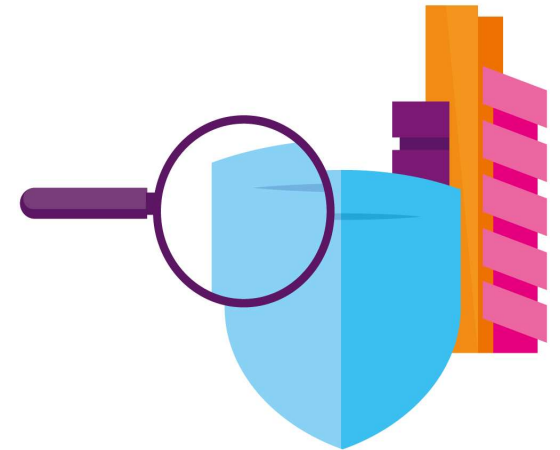
Will AI change the law of professional negligence?

- The law as it stands - reasonable skill and care
- How will that be assessed as Gen AI develops?
- Will it become negligent **not** to use Gen AI?
- What happens when the AI is at fault?
- The difficulties of spotting flawed output?



How can professionals mitigate the risks?

- Education, Education, Education! (Tony Blair c.1997)
- Data privacy and security
- Verification and validation
- Collaboration within professions and more widely
- Keeping up to date on regulatory developments

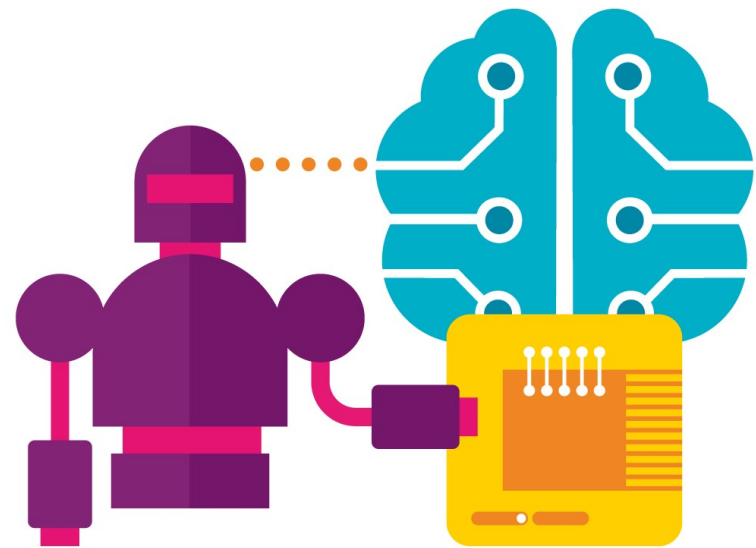


What do insurers need to be thinking about?

- How are your insured's already using Gen AI?
- Platforms and vendors
- Type of data input into the system
- Quality/accuracy?
- Validation and verification checks?
- Ethics/responsibility and regulatory guidelines
- What training are they giving?



Looking to the Future



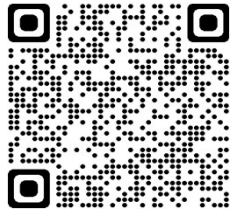
Thank you

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