Foundations of Statistical and Machine Learning for Actuaries -

Artificial Intelligence, Natural Language Processing, and ChatGPT

Edward (Jed) Frees, University of Wisconsin - Madison Andrés Villegas Ramirez, University of New South Wales

July 2025

Schedule

Day and Time	Presenter	Topics	Notebooks for Participant Activity
Monday Morning	Jed	Welcome and Foundations Hello to Google Colab	Auto Liability Claims
· ·	Jed	Classical Regression Modeling	Medical Expenditures (MEPS)
Monday Afternoon	Andrés	Regularization, Resampling, Cross-Validation	Seattle House Sales
Tuesday Morning	Andrés Andrés	Classification Trees, Boosting, Bagging	Victoria road crash data
	Jed	Big Data, Dimension Reduction and Non-Supervised Learning	Big Data, Dimension Reduction, and Non-Supervised Learning
Tuesday Afternoon	Jed	Neural Networks	Seattle House Prices Claim Counts
	Jed	Graphic Data Neural Networks	MNIST Digits Data
Tuesday 4 pm	Fei	Fei Huang Thoughts on Ethics	
Wednesday Morning	Jed	Recurrent Neural Networks, Text Data	Insurer Stock Returns
	Jed	Artificial Intelligence, Natural Language Processing, and ChatGPT	
Wednesday After Lunch	Dani	Dani Bauer Insights	
Wednesday Afternoon	Andrés	Applications and Wrap-Up	

Tuesday Afternoon 5B.

A Short History of Large Language Models

- 2017: Transformer architecture is proposed based on the self-attention mechanism, which would then become the de facto architecture for most of the subsequent DL systems (Vaswani et al., 2017);
- 2018: GPT-1 (Generative Pre-Trained Transformer) for natural language processing with 117 million parameters, starting a series of advances in the so-called large language models (LLMs);
- 2019: GPT-2 with 1.5 billion parameters;
- 2020: GPT-3 with 175 billion parameters:
- 2022: ChatGPT: a popular chatbot built on GPT-3, astonished the general public, sparking numerous discussions and initiatives centered on AI safety;
- 2023: GPT-4 with ca. 1 trillion parameters (OpenAI, 2023), which allegedly already shows some sparks of artificial general intelligence (AGI) (Bubeck et al., 2023).

Resources For Future Studies

- Sebastian Raschka Build a Large Language Model (From Scratch)
 - Raschka Teaching Site
- "Speech and Language Processing" by Dan Jurafsky and James H. Martin
 - Course: Stanford CS224n Natural Language Processing with Deep Learning - YouTube Lectures



