**Response post 3: Initial Post: the impact of AI in insurance**

Mateusz discusses the impact of AI in the insurance industry, with a particular focus in natural language processing. He highlights that the added value of AI is seen mostly in environments with a wealth of data available, but where these data may be complex and difficult to interpret (namely with regards to causal inference, as with the case with many applications within the insurance sector). The specific examples provided were 1) improved model accuracy for pricing, 2) assistance in post-sales and development of bespoke well-being plans (through the internet-of-things), 3) improved risk prediction (at the individual or company level), and 4) improved organisational logistics, administrative processes, and documentation.

I was interested to read how Mateusz compiled a list of potential benefits from using AI across the entire span of insurance industry processes, further supported by Paul’s contribution referencing a formal integrative framework.

The point made about incorporating data arising from the internet-of-things was a particularly interesting one. Mateusz suggests this could be beneficial in a post-sales setting, but the same could be true for risk prediction. Physical activity over a period of week, as captured by a smartwatch and interpreted using AI, was shown to be associated with future cardiovascular events and mortality in a large UK study (Stamatakis et al., 2022; Ahmadi et al., 2023). Assuming that these data may improve risk prediction, it may be conceivable that insurers could offer prospective clients the possibility of wearing such devices upon signing up in order to improve risk assessments, and therefore offer lower premiums for those who do so. While enticing, this approach raises important ethical questions (as it would make some people have higher premiums instead), as well as the need for real-time data streams and data storage capacities which would require appropriate infrastructure, processing capacity, and privacy and security safeguards (Leslie, 2019).

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