Quick Takes

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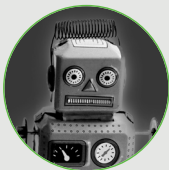
TIMELY TOPICS FOR INSURANCE EXECUTIVES

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ChatGPT
AI-Powered
Language Model Chat-Bot

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NEAM **New England Asset Management**

Artificial Intelligence on Artificial Intelligence

We explore the impact of artificial intelligence on the U.S. Economy through the lens of…artificial intelligence.

A lot has been written about the potential future impact of Artificial Intelligence (AI) on both the U.S. as well as the global economy. It is early innings in this game but we are already seeing explosive growth in tools for AI applications in businesses around the world. What better way to examine this than to take a look at one example of the potential use of AI in our business.

Our *Quick Takes* publications are targeted at 750 words and revolve around topics central to the economy, capital markets and the insurance industry. In general, the drafting, editing, compliance review and publication of a *Quick Takes* article at NEAM takes 5 to 8 hours. The vast majority of that is research and writing the piece. To test the ChatGPT AI application, we gave it the following prompt:

Prompt: Write a 750 word essay on the potential implications of artificial intelligence on the U.S. economy. Include commentary on potential job losses, productivity improvements and sectors of the economy that are most exposed to disruption.

Here is the content that ChatGPT generated:

Title:
The Potential Implications of Artificial Intelligence on the US Economy

INTRODUCTION

Artificial Intelligence (AI) has emerged as a transformative force with the potential to reshape various facets of the global economy. In the United States, a pioneer in AI research and development, the technology promises significant implications for economic growth, job dynamics, and productivity improvements. While the advantages of AI are undeniable, there are also concerns about potential job losses, shifts in workforce demand, and the sectors of the economy most exposed to disruption. This essay explores the multifaceted impact of AI on the US economy, highlighting both the opportunities and challenges it presents.

THE PROMISE OF AI: PRODUCTIVITY IMPROVEMENTS

One of the most promising aspects of AI is its potential to significantly enhance productivity across various industries. AI-powered automation and data analysis can streamline processes, reduce operational costs, and improve overall efficiency. For instance, in manufacturing, AI-driven robots can perform repetitive tasks with precision and consistency, leading to higher production rates and fewer errors. In healthcare, AI can assist in diagnosing diseases, optimizing treatment plans, and managing patient records, ultimately improving the quality of care while reducing the administrative burden on healthcare professionals.

Furthermore, AI-driven insights can enable businesses to make data-driven decisions, leading to better resource allocation, marketing strategies, and customer service. In finance, AI algorithms can analyze vast datasets to identify investment opportunities and manage risks more effectively. This enhanced productivity has the potential to drive economic growth by increasing the overall output of goods and services, positioning the United States as a competitive force in the global economy.

JOB DISPLACEMENT AND SKILL SHIFTS

While the promise of productivity improvements is enticing, it is essential to address the concerns surrounding job displacement. AI's ability to automate routine and repetitive tasks may lead to job losses in certain sectors. For example, jobs in manufacturing, data entry, and customer service that involve repetitive tasks are susceptible to automation. According to a report by the McKinsey Global Institute, by 2030, up to 30% of work activities in the United States could be automated.

However, it's crucial to recognize that AI will also create new job opportunities and necessitate shifts in workforce skills. AI systems require maintenance, monitoring, and development, creating demand for roles in AI engineering, data analysis, and machine learning. Furthermore, AI can augment human capabilities in various professions. For example, doctors can use AI to enhance their diagnostic accuracy, while lawyers can leverage AI for document review and legal research. This means that although some jobs may be displaced, there will also be opportunities for upskilling and reskilling the workforce to adapt to AI-driven changes.

SECTORS MOST EXPOSED TO DISRUPTION

The impact of AI on the US economy will not be uniform, with some sectors more exposed to disruption than others. Sectors that rely heavily on routine, manual, or data-intensive tasks are likely to experience more significant changes. Here are some sectors particularly exposed to AI disruption:

• **Manufacturing:** Manufacturing is one of the sectors where AI-driven automation is already making significant strides. Robotics and AI-powered machines can handle complex assembly tasks, leading to increased production efficiency and reduced labor requirements.

• **Retail:** The retail sector is witnessing AI-driven innovations in customer service, inventory management, and personalized marketing. Automated checkout systems and cashier-less stores are examples of how AI is transforming this industry.

- **Transportation:** Self-driving vehicles and AI-powered logistics are poised to revolutionize transportation. While this could improve efficiency and reduce accidents, it may also displace jobs in the trucking and delivery sectors.

- **Customer Service:** Chatbots and virtual assistants are increasingly being used for customer support in various industries, potentially reducing the need for human customer service representatives.

- **Finance:** AI is disrupting the financial sector through algorithmic trading, fraud detection, and robo-advisors. This may alter the demand for traditional financial roles.

- **Healthcare:** AI-powered diagnostic tools and telemedicine applications are changing the landscape of healthcare, affecting roles like radiologists and medical transcriptionists.

- **Agriculture:** AI-driven precision agriculture is improving crop management and yield predictions, potentially reducing the need for manual labor in farming.

It's important to note that while these sectors may experience job displacement, they can also benefit from increased efficiency, cost savings, and the development of new AI-related roles.

CONCLUSION

The potential implications of artificial intelligence on the US economy are vast and multifaceted. AI offers the promise of significant productivity improvements across various industries, positioning the United States for economic growth and competitiveness. However, it also raises concerns about job displacement and the need for workforce adaptation.

To harness the benefits of AI while mitigating its challenges, policymakers, businesses, and educators must collaborate to create strategies for workforce reskilling and upskilling. The focus should be on preparing the workforce for AI-related roles and fostering a culture of lifelong learning.

Ultimately, the impact of AI on the US economy will depend on how well the nation navigates this transformative era. By embracing AI responsibly and proactively addressing its challenges, the United States can position itself as a global leader in the AI-driven economy of the future.

End of ChatGPT's generated article.

KEY TAKEAWAYS

- The ChatGPT "Quick Takes" you just read came back in less than 10 seconds. Productivity improvements appear to be a potential game changer with AI.

- The content and range of topics covered in this ChatGPT *Quick Takes* were broad and in line with general market views.

- We will continue to explore the use of AI in our business to improve the speed and quality of all our deliverables to our insurance clients.

- While the use of AI applications within the asset management setting is compelling, we continue to find value in validating source data and arriving at independent conclusions through thoughtful analysis. We commit to taking a measured approach on the use of AI to ensure that these systems leverage our intellectual capital, without replacing it.

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