

The Actuarial Association of Europe (AAE) supports the European Commission's ambitious "Apply AI Strategy" initiative, highlighting the potential of AI in key sectors such as insurance, risk management, and pensions. These areas are of special relevance to us, as actuaries are extensively involved in these sectors, providing expertise in managing risks, pricing products, and ensuring long-term financial sustainability.

A balanced regulatory approach, which combines flexibility and responsible oversight, will be crucial in realising AI's potential benefits while safeguarding consumers and public trust. We emphasise the need for a proportionate, risk-based framework that supports innovation while avoiding unnecessary barriers, and at the same time addresses ethical and social implications. Transparency, fairness, and robust oversight, especially in sensitive applications such as insurance pricing and claims management, are vital to prevent unintended biases.

The actuarial profession, bound by rigorous ethical standards and a strong code of practice, is well-positioned to contribute significantly to trustworthy and ethical AI implementation, ensuring consumer protection and fairness. Europe has made meaningful progress in AI adoption and value creation; maintaining and building on this position will depend on ensuring professional and ethically grounded implementation – an area where actuaries are well-placed to contribute.

Regulatory clarity and openness are also essential. The AAE previously welcomed the European Commission's recent guidelines clarifying the definition of AI systems, which significantly enhanced regulatory certainty. Clear guidelines such as these encourage responsible innovation by ensuring that AI developers and users understand their compliance obligations, thus avoiding inadvertent regulatory breaches or unnecessary barriers to adoption. We welcome the continued clarity and proactive communication from the Commission to foster an open and innovation-friendly regulatory environment.

To support these objectives, we propose enhancing AI governance through practical, sector-specific guidelines. Guidelines should encourage transparency, robust testing, ongoing validation, and continuous monitoring of AI systems. These measures will effectively manage operational risks, prevent unintended market impacts, and further safeguard consumer interests. Equally important is targeted investment in professional skills development, ensuring that key professionals are well-equipped with up-to-date competencies to manage and oversee advanced AI tools effectively. Additionally, improving data availability and infrastructure, through initiatives that enhance access to reliable, high-quality datasets, would significantly empower the insurance and risk management sectors to leverage AI reliably and responsibly.

Finally, targeted investment through a dedicated EU-wide AI fund could effectively support innovation and reduce dependency on non-European providers. Moreover, strategic investment initiatives could facilitate greater collaboration between research institutions, industry stakeholders, and policymakers, ensuring that AI advancements align closely with Europe's long-term strategic objectives, economic resilience, and competitive positioning globally. Last but not least, the attraction and retention of talent is necessary and of paramount importance for the sustainable advancement of AI in Europe.

Together, these strategic recommendations can support Europe's ambition to become a global leader in trustworthy, inclusive, and sustainable AI across critical economic sectors.