

Here is the English translation of your document titled "**AI AI KaptAIIn...**":

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AI is now everywhere – exciting and fun, but there are things to start thinking about.

The use of AI technology increased from 10.4% in 2023 to 25.2% in 2024 among businesses with 10 or more employees, and we're seeing more and more examples in the boating industry. (Source: SCB)

The EU's new AI Regulation will change how all companies and organizations – including the insurance industry and the boating sector – can use AI to create more value for their customers. Since many businesses are already applying AI for things like risk assessments, claims handling, and customer service, this new regulation becomes a key factor in ensuring these systems are used safely and responsibly. Here's a brief overview of what the new regulation entails and how it affects us. What should we be aware of, and what risks lie ahead?

To some extent, this new EU law resembles GDPR, which we're already familiar with. The difference is that this law focuses entirely on how we use AI, how transparent we must be when doing so, and how we monitor systems and processes where AI plays a role.

What makes compliance challenging?

Ensuring compliance with the new law demands engagement, competence, and significant effort from the entire company – involving legal, tech, HR, ethics, marketing, leadership, etc. Something technically simple and a salesperson's dream could be ethically wrong or legally risky. You simply can't work in silos on this. Every part of the company must be involved, which is always a challenge.

What is the EU AI Regulation, and how does it affect us?

The EU AI Act is designed to regulate the use of AI and ensure that the technology is used ethically and safely. Key areas that will be affected include risk assessment, claims handling, and customer service—especially relevant to the boating industry. Since these sectors often handle sensitive personal data, businesses must ensure their systems meet specific transparency, fairness, and safety requirements.

The regulation classifies AI applications into four risk categories:

- **Prohibited AI systems:** These are considered unacceptable, like AI that manipulates behavior or uses real-time biometric identification in public spaces (e.g., China's "social scoring" affecting access to schools).
- **High-risk AI:** Systems that significantly impact individuals' rights and safety. For insurance, this includes AI used for risk profiling, premium assessments, and claims

handling. Recruitment tools are also included; companies must be able to answer, *“Was AI used in the selection process? If so, how and based on what inputs?”*

- **Limited-risk AI:** Customer-facing systems that don't pose major risks, like AI-powered chatbots. These must disclose that the user is interacting with AI and explain the logic behind recommendations.
 - **Minimal-risk AI:** Systems with low or no impact on individuals' rights, like internal productivity tools or data processing aids.
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How could this affect us in the boating industry?

Many companies and organizations are already using AI, especially in insurance, for everything from risk analysis to certain claims investigations and customer service—areas directly impacted by the new law.

- **Risk profiling and claims assessment (High risk):** Insurers must ensure that AI affecting customer premiums or claim decisions is fair and transparent. This requires documentation and risk management.
 - **Customer service and interactions (Limited risk):** AI-driven chatbots and automated systems must disclose their AI nature and explain decisions to build trust and comply with the law.
 - **Internal AI tools (Minimal risk):** Tools used to improve internal processes, like organizing data, usually fall under minimal risk and won't be significantly affected – but future updates may include them.
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Compliance is ongoing

Compliance is not a one-time action. Continuous monitoring and updates are necessary to remain aligned with the law. It's certain that new rules will follow.

What can we start thinking about now?

Just like with GDPR, it's much easier to get things right from the start. It saves time, money, and headaches. Fixing things later is often more expensive and riskier. Non-compliance can also lead to fines.

Here are concrete actions to consider:

1. **Identify AI use cases and classify risks:** Map all AI applications and categorize them by risk level. This helps prioritize compliance efforts.
2. **Implement data governance and security:** Set up procedures to protect customer data and ensure data quality—especially important when AI handles personal data.
3. **Focus on transparency and explainability:** Decisions made by AI should be understandable to customers. Businesses need to clearly explain how AI reached a decision. This builds trust but is also a major challenge.

4. **Document and set up compliance processes:** Document everything—data sources, handling, risk evaluations, and system reviews. This is crucial, especially when using external tools like ChatGPT. Responsibility always lies with the final provider to the customer.
 5. **Educate employees on AI regulations and ethics:** Ensure those developing, using, or managing AI understand the legal and ethical landscape.
 6. **Plan for monitoring and regular evaluations:** High-risk AI systems require ongoing monitoring and review to stay compliant.
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Risks of non-compliance

Failing to follow the regulation can result in major fines, similar to GDPR:

- **Severe violations:** Using prohibited AI systems can lead to fines up to €30 million or 6% of annual global turnover—whichever is higher.
- **Non-compliance with high-risk requirements:** Fines up to €20 million or 4% of turnover.
- **Other violations:** Up to €10 million or 2% of turnover for minor infractions.

These penalties highlight the importance of robust compliance and documentation systems—not just to avoid fines but to maintain reputation and trust.

When does the EU AI Regulation come into effect?

The AI Act was officially adopted in 2023 and will roll out in stages:

- **2024:** Finalizing guidelines, technical standards, and compliance frameworks.
- **2025:** Transition period begins—businesses are expected to adapt.
- **2026–2027:** Full implementation, with enforcement and penalties in place.

Starting early gives companies time to adapt calmly and effectively.

Final Thoughts

AI, like any new technology, is incredibly exciting and already proving valuable in many parts of society. But we're only at the beginning, and like all tech, it can be misused or misunderstood. The EU law is unique because all 26 member states signed it, and parts begin applying in February 2025. The framework will be expanded both at the EU and local levels.

One way to view the AI Act is as a foundation—a minimum standard. More rules will likely follow in the coming years.

A final tip: Look at ISO 42001, which provides a framework for structuring AI use based on best practices.

For full transparency: I've used ChatGPT-4o to assist with parts of this article—definitions, spelling, legal details, and examples.

If you'd like to discuss this further, don't hesitate to reach out! These are early AI days, and dialogue is the best way to share knowledge about the benefits—and the financial, ethical, and legal risks—of AI.

Sincerely,
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