

Publications | Alert

Mind the AI Gap and Keep Pace

Artificial Intelligence Alert

10.8.2025

More and more companies are using artificial intelligence tools like generative AI in their normal course of operations, including for hiring, pricing, and fraud detection. As businesses identify and implement new uses for these rapidly evolving technologies, they may anticipate that, by default, cyber insurance coverage covers the risks arising from the implementation of AI. Not so fast.

In recent years, the insurance industry addressed the so-called “silent cyber” coverage under traditional liability policies for cybersecurity-related losses, such as data thefts and ransomware attacks, by adding exclusions for cybersecurity-related risks. Depending on the scope of the cyber-related exclusionary language, traditional liability policies may not cover risks related to the use of emerging AI technologies, including bodily injury, property damage, or personal injury claims caused, in whole or in part, by the use of generative AI, or professional negligence claims arising from AI-related errors.

Absent an insurance policy that extends coverage beyond traditional cyber liability risks (e.g., data privacy breaches and systems failures) to more traditional general liability-type risks, a company may find itself without coverage for certain claims arising from the use of AI tools. Moreover, some insurance companies are beginning to add AI-related exclusions to these traditional liability policies that may exclude coverage for normal incidents that now may include an AI angle. For example, while a negligence claim for document review may be covered if the review had been conducted by a person, the coverage now may be excluded if AI were involved, unless the business has an insurance policy that either expressly extends coverage or does not exclude coverage for such risks. The use of AI tools to make job interview and hiring decisions might lead to employment discrimination claims not covered by a business’s liability insurer. The use of AI-enhanced systems to control machinery alleged to cause bodily injury might not be covered under a business’s general liability policy.

Laws and regulations governing the use of AI tools have ever-changing guidelines and restrictions. Insurance coverage is no different. As companies work to safely and smartly incorporate AI into their normal business practices, they should also take a holistic look at all their surrounding policies and procedures with an eye toward mitigating risk, including assessing whether their insurance program is keeping pace with the risks involving technology and the integration and use of AI into their business operations.

PDF | EMAIL

Related People



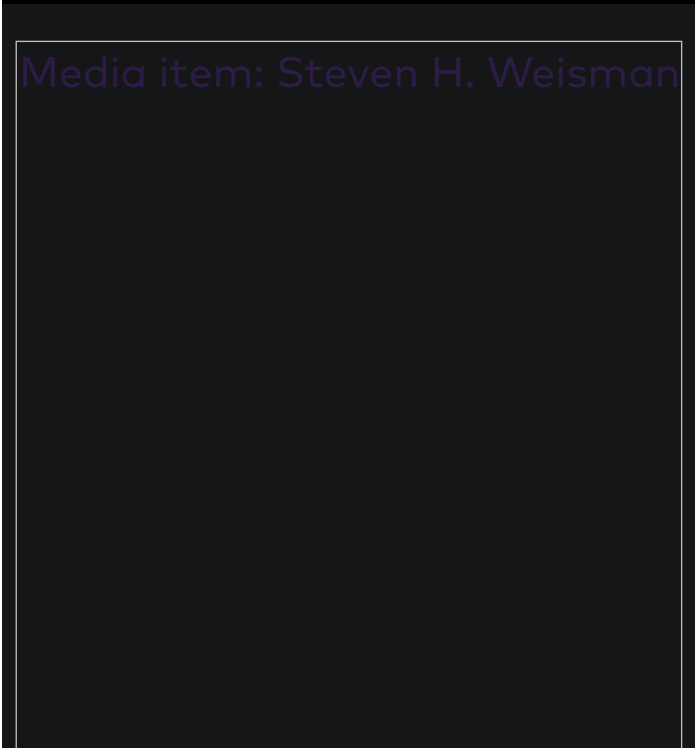
Erin M. Prest

Partner



Zachary A. Myers

Partner



Steven H. Weisman

Partner



Scott S. Christie

Partner

Related Services

Insurance Recovery, Litigation & Counseling
Artificial Intelligence

SUBSCRIBE TO OUR INSIGHTS | +

