

AI in Plain English

A Practical Guide to Understanding Modern Artificial Intelligence

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Smarts Publishing

*This sample includes selected chapters from **AI in Plain English**, a practical guide to artificial intelligence written especially for insurance professionals. These chapters provide a preview of the book's plain-English approach to explaining AI concepts, risks, and real-world applications.*

Chapter 1 — What AI Really Is (and Isn't)

The machine does not think. It merely processes.

NORBERT WIENER

Artificial intelligence is having a moment. It's in headlines, boardrooms, classrooms, and conversations everywhere. But for all the attention, most people still feel unsure about what AI actually is. The term gets used so broadly that it can mean everything and nothing at the same time.

So let's start by grounding the idea in something simple, practical, and human.

Chapter 1 — What AI Really Is (and Isn't)

AI is a tool that recognizes patterns and generates responses based on those patterns. That's it. It doesn't think. It doesn't understand. It doesn't have opinions, intentions, or awareness. It processes information and produces output that looks intelligent because it's trained on enormous amounts of data.

When people talk about "AI," they're usually referring to one of two things:

- Prediction — using past data to guess what might happen next
- Generation — creating text, images, or ideas based on patterns in the data

Everything else is a variation on those two capabilities.

The confusion comes from the language we use. We say AI "knows," "thinks," "decides," or "understands." But those are human words for non human processes. AI doesn't know anything the way people do. It doesn't have beliefs or experiences. It doesn't learn from life. It learns from data.

And that's the key distinction.

AI is powerful, but it's not magic. It's useful, but it's not wise. It's impressive, but it's not alive. It's a tool — and like any tool, its value depends on the person using it.

The goal of this book is to help you understand AI clearly, confidently, and without the jargon that usually gets in the way. You don't need a technical background. You don't need to know how to code. You just need a willingness to

Chapter 1 — What AI Really Is (and Isn't)

explore how this technology works and what it means for your work, your decisions, and your future.

By the end of this book, you'll have a practical, simple English understanding of AI — what it can do, what it can't do, and how to use it wisely.

Chapter 3–The Four Types of AI You Actually Need to Know

*There isn't one kind of intelligence.
There are many, each solving a different kind of problem.*

SATYA NADELLA

People talk about AI as if it's one thing. It isn't. "AI" is a big umbrella that covers a lot of different tools and techniques. But for most professionals, there are really four types of AI worth understanding.

Once you know these four, everything else becomes easier to make sense of.

Let's keep this simple.

1. Predictive AI

This is the oldest and most familiar form of AI. It looks at past data and tries to predict what might happen next.

You see it in:

- fraud detection
- credit scoring
- underwriting models
- demand forecasting
- spam filters

Predictive AI doesn't "know" the future. It just recognizes patterns in historical data and projects them forward.

This is the AI most businesses have quietly used for years.

2. Generative AI

This is the AI everyone is talking about now. It creates new content based on patterns in the data it was trained on.

It can generate:

- text
- images
- summaries
- ideas
- explanations

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- code

Generative AI doesn't think. It predicts the next most likely word, pixel, or token. But the results can feel surprisingly human.

This is the AI that's changing how we write, research, communicate, and create.

3. Classification AI

This type of AI sorts things into categories.

Examples include:

- “Is this email spam or not?”
- “Is this claim suspicious or normal?”
- “Is this image a dog, a cat, or something else?”
- “Is this customer likely to churn?”

Classification AI is the backbone of many business workflows. It doesn't generate anything new — it just labels what already exists.

4. Recommendation AI

This is the AI that tries to help you choose.

You see it in:

- Netflix suggestions
- Amazon product recommendations
- LinkedIn's “People You May Know”

Chapter 3-The Four Types of AI You Actually Need to Know

- Spotify and Apple playlists

Recommendation AI looks at your behavior, compares it to others, and suggests what you might want next.

It's not predicting the future. It's predicting you.

Why these four matter

Once you understand these four types, you can look at almost any AI system and say:

"Oh, this is just a generative model."

or

"This is really a classification problem."

or

"This is a recommendation engine dressed up as something else."

It gives you a simple, practical way to understand what's happening behind the scenes — without needing to know the math or the code.

And it sets up the next chapter, where we'll look at how AI actually learns.

About the Author

James Whitaker, CPCU, is the publisher of Smarts Publishing and the author of the Plain-English Insurance Series. He has spent more than three decades helping insurance professionals understand complex topics through clear, accessible writing. His books, newsletters, and training materials are used by agencies, brokers, and carriers across the country.

With *AI in Plain English*, Whitaker continues his mission of making emerging insurance concepts understandable for everyday professionals. His work focuses on clarity, practicality, and real-world application — helping readers build confidence in a rapidly changing industry.

About Smarts Publishing and the Plain-English Insurance Series

Smarts Publishing creates clear, practical insurance education for agents, brokers, underwriters, and other insurance professionals. The Plain-English Insurance Series is designed to make complex topics easy to understand and easy to

communicate to clients. Each book focuses on clarity, relevance, and real-world application — helping professionals build confidence and competence in today's rapidly changing insurance environment.

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