

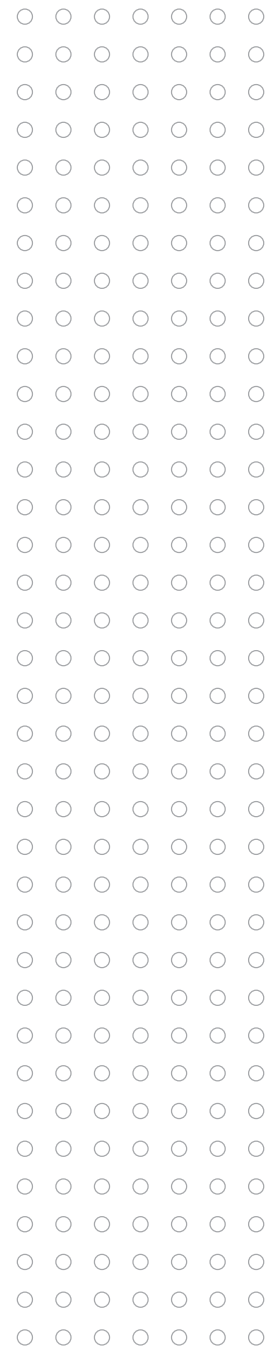
# Developing an Internal AI Policy

A Comprehensive Guide  
for Organizations





Artificial Intelligence (AI) is rapidly becoming an integral part of our daily lives and workplaces. With AI's growing prevalence, organizations must consider developing not only an AI strategy but also a robust internal AI policy. This guide outlines the reasons for establishing an internal AI policy, the stakeholders involved, essential policy components and best practices for communication and implementation.



## Why Organizations Need an Internal AI Policy

AI is everywhere, including your TV streaming service, social media and your online shopping experience.

- Everytime you you say “Hey Siri,” “Okay Google,” or “Alexa,” you’re working an AI based virtual assistant. These virtual assistant are powered by natural language processing (NLP), a form of AI that allows the technology to understand, learn, and respond to your commands. Over time they become smarter learning your tone, habits and preferences.
- Algorithms on your social media such as Facebook, Instagram, TikTok and X analyze your online activity such as likes, shares, and comments to determine your interests. The AI will customize and build your feed based on your behavior and activity.

Whether or not organizations are ready, AI is here, making the development of an internal AI policy as vital as other workplace policies like those on sexual harassment or FMLA.

An internal AI policy provides guidelines on the use of AI tools in the workplace, helping employers decide on matters like:

- Whether to allow AI use at all
- Which platforms are permitted
- Which departments and roles can use AI
- How to handle AI tools’ privacy and security implications
- What data may or may not be put into an AI platform

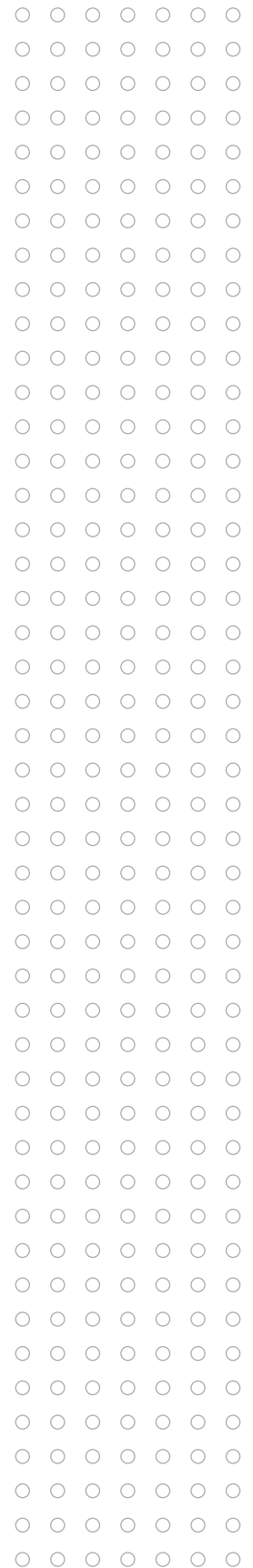
# Key Stakeholders in Developing an AI Policy

Developing an AI policy involves collaboration across multiple disciplines within the organization. While Human Resources (HR) often drafts policies, an AI policy should be comprehensive and requires input from various subject matter experts. Organizations should form an AI committee and consider including the following subject matter experts:

- Legal / in-house counsel
- Senior leadership such as COO / CFO / CEO
- Human Resources
- Department leaders such as Finance / Accounting, Customer Service, Operations and Marketing
- Finance / Accounting
- IT
- Cyber Security/Data Security/AI professionals
- Insurance experts
- Risk and AI ethics experts

Additional stakeholders might vary depending on the industry. For example, healthcare organizations may include a HIPAA Privacy Officer, while a financial services firm might involve its compliance department and a data privacy officer.

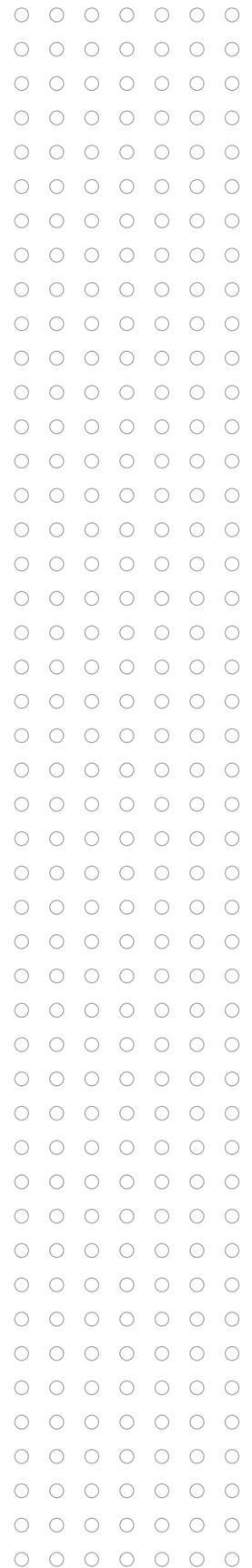
This committee should also develop the process for vetting AI tools by developing a discovery process to evaluate a vendor's reputation, data handling practices, legal contracts and indemnifications, insurance carrier coverage and data / cyber security measures.



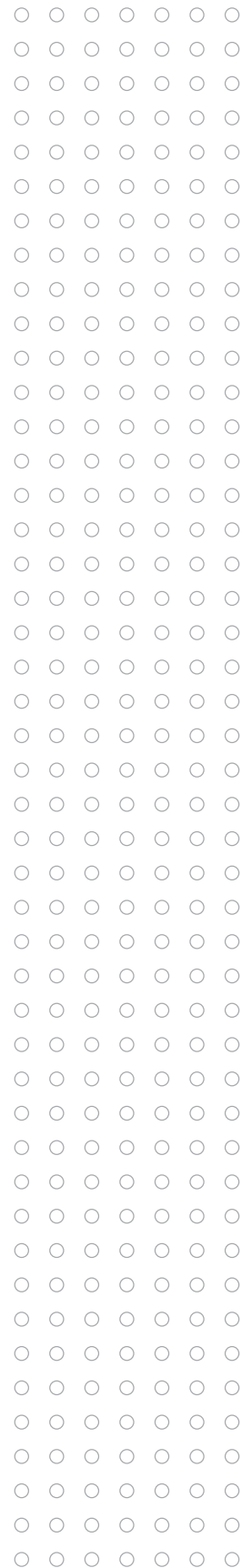
# Essential Elements of an AI Policy

A comprehensive AI policy should clearly define the rules of the road for AI use in the workplace, including:

- **Prohibited Uses:** Outline the types of data (e.g., Personally Identifiable Information (PII), Protected Health Information (PHI), confidential, proprietary and trade secrets) that employees must never share with AI platforms.
- **Permitted Uses:** Specify when AI can be used, such as general research, creating sample documents, or skill development. Also identify which AI platforms are acceptable and which are not.
- **Required Safeguards:** Establish protocols and requirements for fact-checking AI-generated content to avoid errors and misinformation.
- **Required Notices and Disclosures:** Require employees to disclose when they use AI, the purpose, platform and results obtained. Likewise, will the organization disclose the use of AI to employees, for example, in an applicant tracking system or benefits enrollment agents.
- **Required Attribution:** Will you require that employees identify specific AI tools used in developing their work products?



# Clarifying Organizational Positions Through an AI Policy



Policies offer organizations the opportunity to articulate their stance on important issues like ethical conduct and discrimination, and data privacy /security AI can amplify employees' concerns regarding bias and transparency, and organizations must reassure them of their commitment to no-discrimination policies.

Compounding the concerns about AI is the lack of transparency and visibility into AI programming. There's really no way to look under the hood and inspect the AI engine. Consequently, there's no way to know if the system was developed with any inherent bias. Moreover, AI tools learn from user input, which could inadvertently perpetuate bias. For example, an AI tool used in recruitment might favor certain demographic groups based on user behavior. To prevent such risks, employers should regularly pressure test AI tools to ensure fair results.

Be your own end-user. In other words, practice as a would-be candidate. Change your name to names that may reflect various ethnicities. Change your resume to reflect various years of service (i.e., age). Change your address to reflect various geographic locations. Do you get the same result from the application tracking system?

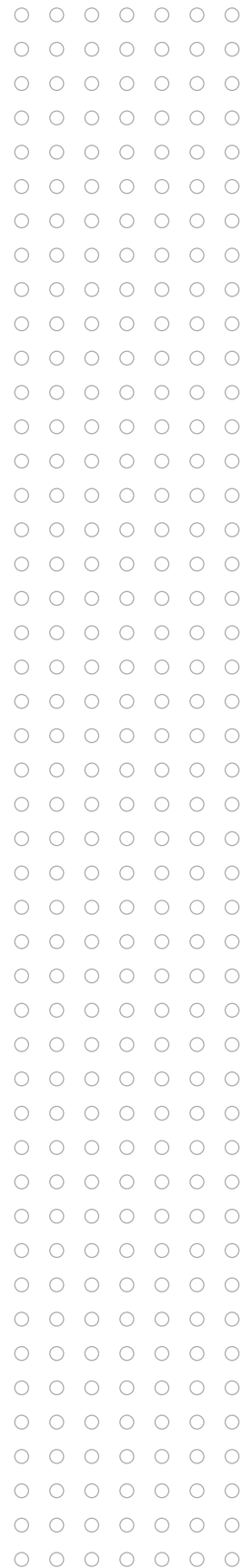
An AI policy can help affirm the organization's commitment to:

- Ensuring human oversight in decision-making processes
- Maintaining an environment free from discrimination
- Conducting regular audits to prevent biased outcomes
- Having robust AI audit processes to prevent a discriminatory result

# Establish Easy Access to a Live Person

Organizations must provide employees with a way to report concerns, ask questions, or request workplace accommodations. An easily accessible and dedicated reporting mechanism can help employees reach a live person in the organization. This mechanism should be accessible, easy to use, and potentially linked to HR or a designated AI committee.

For example, AI chatbots conducting candidate interviews or new-hire onboarding may inadvertently discriminate against individuals with disabilities or strong accents. This is called a “screenout.” A screenout occurs when a disability prevents a job applicant or employee from meeting, or lowers their performance on, a selection criterion, and the applicant or employee loses a job opportunity as a result. Employers should create a clear path for these individuals to request human intervention or reasonable accommodations.

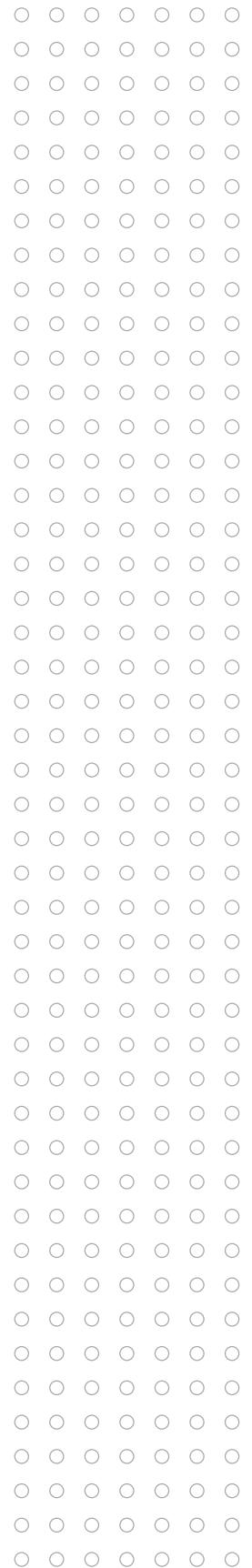


# Creating an AI Policy for HR Processes

HR departments should also create their own AI policies, focusing on areas such as recruitment, onboarding, training, timekeeping, and compliance.

Examples of AI use in HR include:

- **New Hire Onboarding:** AI tools can gamify onboarding experiences, fostering engagement and team building.
- **Training and Development:** AI can create personalized learning experiences and generate training content. AI can also provide real-time feedback to employees. Imagine a service center where after each call AI can provide the employee constructive feedback to improve performance and reinforce the employee'
- **Time, Attendance and Payroll:** AI-backed timekeeping tools can introduce risks if not properly monitored, particularly regarding meal breaks, waiting times and FMLA eligibility. AI will not be able to determine if in substance, the employee was "suffered or permitted to work" and thus performed "hours worked" under the FLSA. AI policies for HR should address these risks, ensuring proper human oversight and compliance with legal requirements.



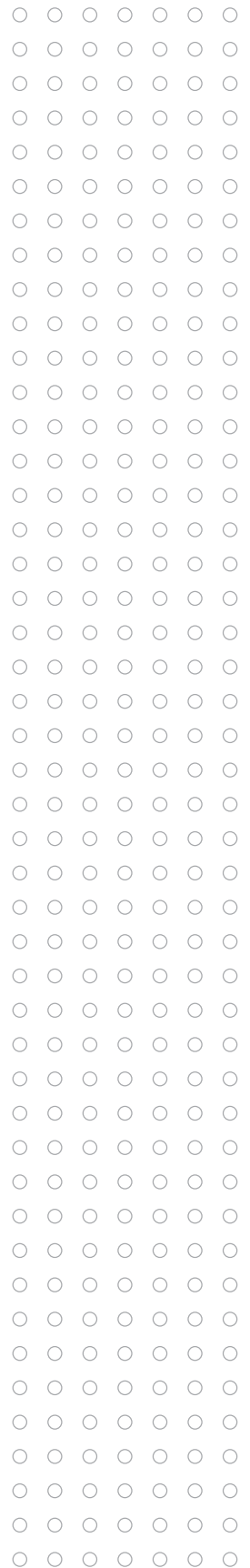
# Best Practices for Communicating an AI Policy

Once an AI policy is established, communicating it effectively to employees is crucial. Consider the following strategies:

- 1. Create Engaging Content:** Use AI to develop videos or a series of short video clips that explain the new AI policy in a format employees find engaging and easy to understand.
- 2. Publish the Policy in Multiple Locations:** Ensure the AI policy is available in several places, including the employee handbook, IT policy documents and as a standalone document.
- 3. Utilize Various Communication Channels:** Distribute the policy through multiple channels, such as team meetings, one-on-one manager meetings and town hall sessions. Leverage digital platforms like Microsoft Teams or company intranets to ensure widespread visibility and accessibility.

## Conclusion

Developing an internal AI policy is a critical step for organizations to ensure the responsible and ethical use of AI tools. By involving key stakeholders, defining clear policy elements, and effectively communicating the policy, organizations can mitigate risks, promote transparency, and foster trust in their AI practices. As AI continues to evolve, maintaining a proactive stance on policy development will be essential for staying ahead of the curve.



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