

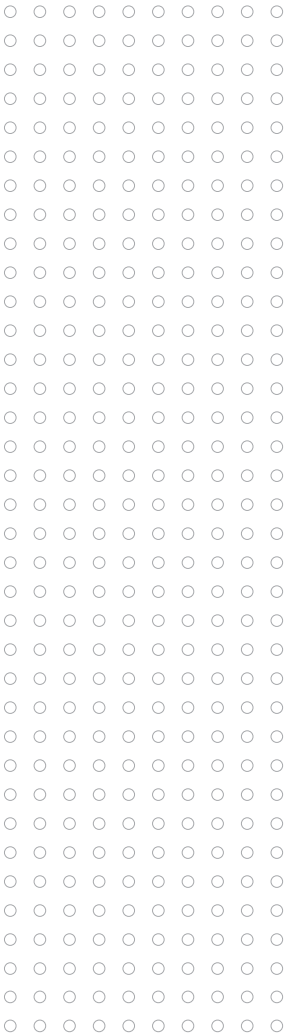
Developing an Internal AI Policy

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, from the technology we use daily to the advertisements we see on TV. In June 2024, Apple announced the launch of Apple Intelligence, a new AI technology integrated into iOS 18 that can understand and create language and images, take actions across apps and draw from personal context to simplify tasks. 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

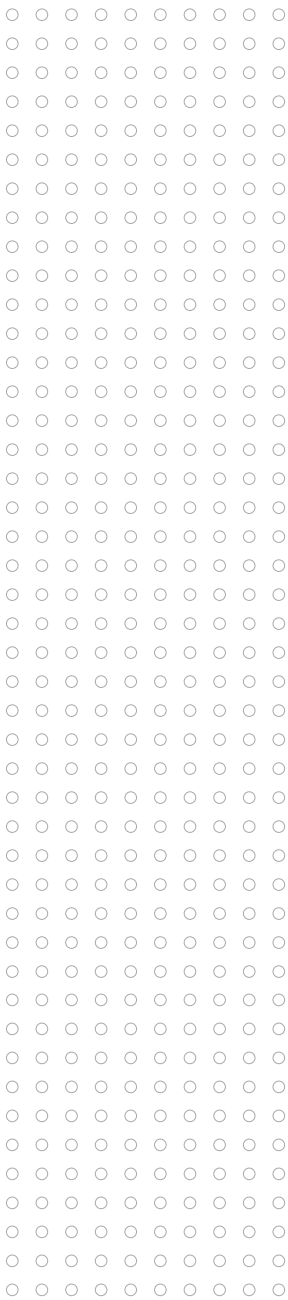
Key Stakeholders in Developing an AI Policy

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 that includes, at a minimum, the following:

- o Legal/in-house counsel
- o Human Resources
- o Finance/Accounting
- o Operations
- o IT

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

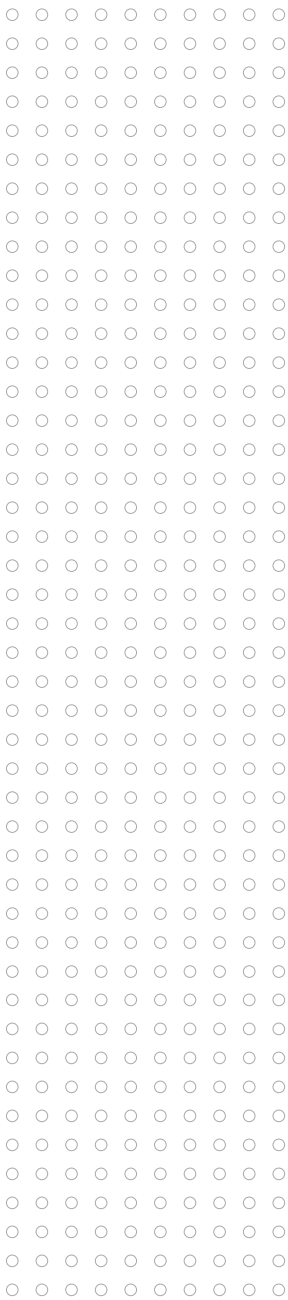
This committee should also vet AI tools by developing a discovery process to evaluate a vendor’s reputation, data handling practices and security measures.



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) or Protected Health Information (PHI)) and trade secrets that employees must never share with AI platforms.
- **Permitted Uses:** Specify when AI can be used, such as for general research, creating sample documents, or skill development.
- **Required Safeguards:** Establish protocols 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.
- **Required Attribution:** Mandate that employees identify specific AI tools used in developing their work products.



Clarifying Organizational Positions Through an AI Policy

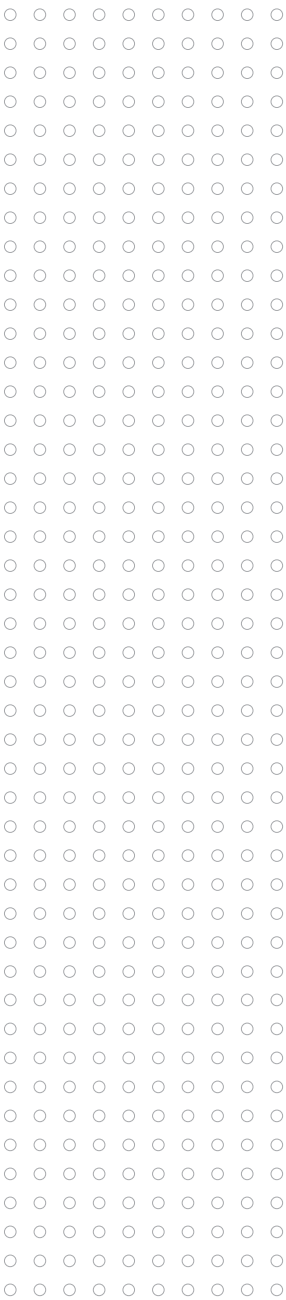
Policies offer organizations the opportunity to articulate their stance on important issues like ethical conduct and diversity, equity, and inclusion (DEI). AI can amplify employees' concerns regarding bias and transparency, and organizations must reassure them of their commitment to no-discrimination and DEI 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:

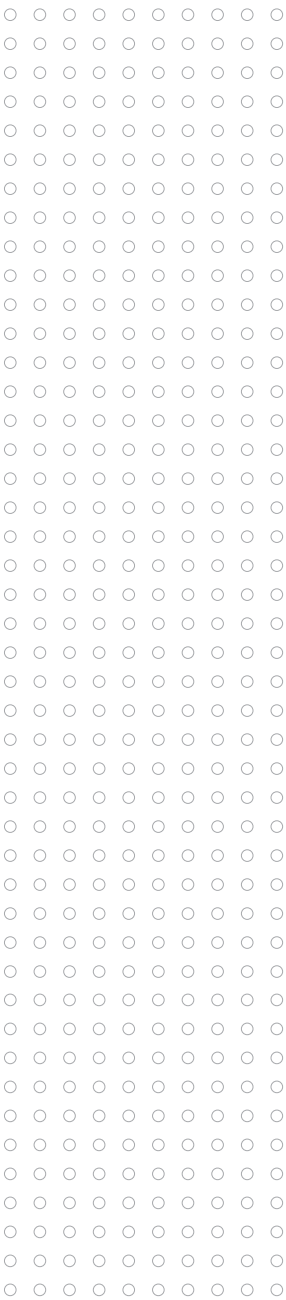
- Ensuring human oversight in decision-making processes
- Maintaining an environment free from discrimination
- Supporting DEI initiatives and conducting regular audits to prevent biased outcomes
- Having robust AI audit processes to prevent a discriminatory result



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.

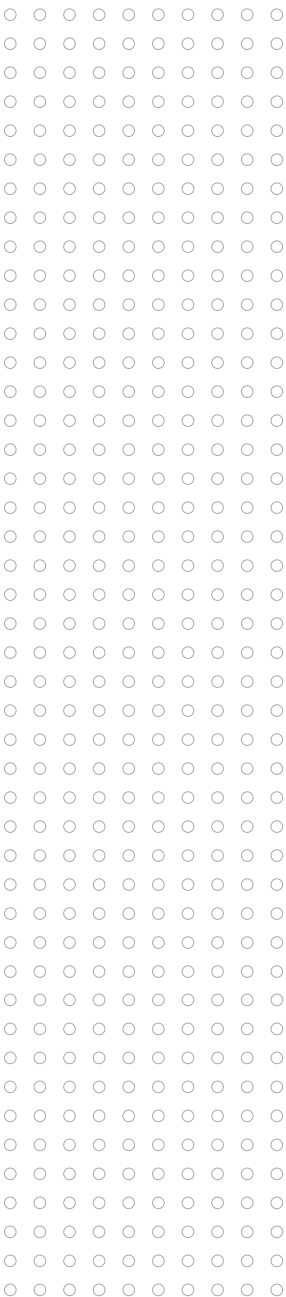
For example, AI chatbots conducting candidate interviews or new-hire onboarding may inadvertently discriminate against individuals with disabilities or strong accents. This is called a “screenout.” A screenout occurs when a disability prevents a job applicant or employee from meeting, or lowers their 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.
- **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.



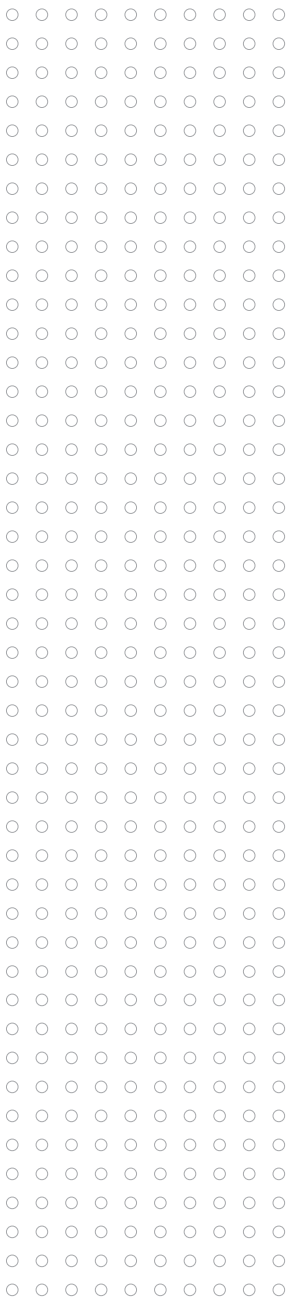
Best Practices for Communicating an AI Policy

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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