

Modern Woodmen of America Artificial Intelligence Governance & Usage Policy

Policy Owner	Modern Woodmen of America’s Information Security Committee & Enterprise Services
Policy Approver(s)	Modern Woodmen of America’s Information Security Committee
Applies To	All Modern Woodmen of America employees, Field Staff, and approved vendors (the “User(s)”)
Storage Location	Modern Woodmen of America’s Document Library and The Resource Center
Effective Date	September 1, 2023

1.0 Purpose

1.1 Modern Woodmen of America (“Modern Woodmen”) understands that while Artificial Intelligence systems (hereinafter “AI” or “AI System(s)”) have the promises of great efficiency breakthroughs and rapid business insights, AI also has unique risks. The risks created by AI include the potential for inaccuracy, unfair Bias resulting in unfair discrimination, and data vulnerability. Further, Modern Woodmen acknowledges the rapid evolution of AI Systems and has designed this Artificial Intelligence Governance & Usage Policy (“AI Policy”) to accommodate for changes in the technology, as well as the corresponding risks and regulatory obligations triggered by the use of AI Systems.

The purpose of this AI Policy is to provide Users of AI with guardrails that promote the principles of fairness, transparency, accountability, explainability, and independent oversight in the use and governance of AI Systems. In doing so, this AI Policy seeks to protect Modern Woodmen, its members, and its workers by mitigating the risk of misuse, unethical or unfair outcomes, and potential Biases or other inaccuracies, all while ensuring the integrity of Modern Woodmen’s data and information security systems.

The Users covered by this AI Policy are accountable for using any AI Systems in a responsible, safe, secure, fair, ethical, and lawful manner that supports Modern Woodmen’s AI principles.

2.0 Scope

2.1 This AI Policy applies to all Users when engaged in business on behalf of Modern Woodmen or when using Modern Woodmen data, equipment (including hardware or software licensed or supplied by Modern Woodmen), or when otherwise engaged in any other activity reasonably attributable to Modern Woodmen. This AI Policy further extends to any interactions by Users with any Third-Party agents and vendors, or interactions with Modern Woodmen’s members and the public at large.

3.0 Definitions

3.1 “AI Systems” is an umbrella term describing software, solutions, or other machine-based systems that provide Artificial Intelligence capabilities to Insurers. An AI System can, for a given set of objectives, generate outputs such as predictions, recommendations, or other content with varying degrees of autonomy. Illustrative examples include but are not limited to: ChatGPT; ChatSonic; Jasper AI; Bing AI; Google Bard; and Microsoft CoPilot. The home office Users can access a list of permitted AI Systems via this link: [Approved AI Systems](#). Field Staff should submit a request to view this list via email to FieldTechnology@modern-woodmen.org.

3.2 “Algorithm” means a computational or Machine Learning process following mathematical rules that produces a prescribed result and which can augment or replace human decision-making in insurance operations.

- 3.3 “Artificial Intelligence” is a term used to describe machine-based systems designed to simulate human intelligence to perform tasks, such as analysis and decision-making, given a set of human-defined objectives. This definition treats Machine Learning as a subset of Artificial Intelligence.
- 3.4 “Bias” is the differential treatment that results in favored or unfavored treatment of a person, group or attribute.
- 3.5 “Field Staff” means Field representatives of Modern Woodmen who service Modern Woodmen products. This includes regional directors, managing partners, field representatives, administrative assistants, and any subagents thereof.
- 3.6 “Machine Learning” is a subset of Artificial Intelligence that simulates human learning by identifying patterns in data either supervised, unsupervised or through reinforcement learning styles to make decisions without additional programming. “Predictive Analytics” and “Predictive Modeling” are related terms that refer to methods to identify patterns in data to make predictions.
- 3.7 “Modern Woodmen” means Modern Woodmen of America, MWA Financial Services, Inc., and Modern Woodmen General Insurance Agency.
- 3.8 “Predictive Model” means the mining of historic data using Algorithms and/or Machine Learning to identify patterns and predict outcomes that can be used to make or support the making of decisions.
- 3.9 “Protected Data Source” is data on any medium - physical or electronic - that contains elements deemed critical to the business and/or sensitive in nature. The level and nature of protective measures applied to a data source will be based on the Data Classifications applied to elements in the data source.
- 3.10 “Third-Party” for purposes of this bulletin means an organization other than the Insurer that provides services, data or other resources related to AI.
- 3.11 Data Classifications and Restrictions (excerpt from Asset Management Policy)
- All assets must be classified in terms of legal requirements, value to the organization, their criticality to the organization, and sensitivity if they were to be disclosed by an unauthorized party.
 - Modern Woodmen data shall be classified into one of the following categories-
 - “Society Confidential”: Critical information whose existence or content is only known to a small group of individuals. Disclosure of this information would harm Modern Woodmen or impede ability to achieve Society objectives and plans. This information should have special access controls applied to the data or within the hosting application(s), to limit access to authorized individuals only. Additional auditing and reviews may be requested on this information.
 - “Business Confidential”: Business Confidential information / data requires an elevated level of protection (e.g., database encryption, data obfuscation, encryption, additional auditing and reviews, and multi-factor authentication) to satisfy regulatory requirements or prevent its unintended disclosure. Disclosure is authorized to individuals on a need-to-know basis (e.g., Personally Identifiable Information).
 - “Internal Use”: Used to conduct normal business operations of Modern Woodmen. The intention is to minimize the impact upon business operations. The information is intended for Internal Use only.
 - “Public”: Public information is such that Modern Woodmen has published for general or public consumption, or publicly known information that Modern Woodmen has received from other organizations.

4.0 Compliance with Related Policies, Agreements, Laws, Regulations, and Standards

4.1 This AI Policy is not intended to contradict, limit, or replace applicable mandatory rules, policies, legal requirements or prohibitions, or contractual obligations.

4.2 The use of any AI System must comply with any related policies listed in this AI Policy or any other policy of Modern Woodmen that, by its nature, is reasonably related to this AI Policy. Examples of such policies include, but are not limited to:

For home office Users:

- Information Security Policy
- Employee Handbook Digital Resources Policy
- Employee Handbook Policy Against Harassment and Discrimination
- Employee Handbook Confidentiality, Privacy, and Information Security Policy
- Vendor Management Policy
- Asset Management Policy

For Field Staff Users:

- Field Information Security and Privacy Policy and Guidelines
- Digital Resource Policy
- Policy Against Discrimination and Harassment

4.3 This AI Policy is intended to comply with any and all applicable laws, regulations, or standards governing the business of insurance or financial services. Modern Woodmen expressly reserves the right to amend this AI Policy to maintain compliance with any of the above.

5.0 Guidelines

5.1 When using AI Systems, Users shall not:

- Use any AI Systems that have not been formally approved via the processes noted in this AI Policy.
- Contract for or with vendors or other third parties that use AI Systems or process Modern Woodmen data with AI Systems without prior approval.
- Input or enter Modern Woodmen data into AI Systems without prior authorization.
- Use AI Systems to make autonomous decisions about humans (i.e., insurability, performance, etc.) unless approved via the processes described in this AI Policy.
- Use AI Systems in an unlawful manner, in any way that violates any policy of Modern Woodmen, or in a way that contradicts the purpose of this AI Policy including, but not limited to:
 - Discriminate against, harass, or offend other Users, Modern Woodmen members, or the public at large;
 - Disclose Society Confidential, Business Confidential, or other Internal Use data;
 - Conduct or solicit illegal activities;
 - Infringe on the rights of others, including privacy or intellectual property rights; or
 - Interfere with the performance of the jobs and duties of others or the nature, purposes, or objectives of Modern Woodmen generally.

5.2 When using AI Systems, Users shall:

- Adhere to any Modern Woodmen policies concerning the confidentiality and privacy of Modern Woodmen's data including, but not limited to, the Confidentiality, Privacy, and Information Security policy in the Employee Handbook, as well as the Modern Woodmen Code of Conduct.
- Use formally approved AI Systems or seek appropriate approval for new AI capabilities in existing approved systems, as detailed in Section 5.3.
- Use AI Systems for only authorized purposes.
- Review and verify any AI Systems to ensure compliance with this AI Policy.
- Review and verify any data input into any AI System and any data, results, or outputs generated by an AI System.
 - The review and verification process shall include ensuring the data, results, or outputs are materially correct, accurate, trustworthy, and do not violate this AI Policy in any respect.
- Track and document the use of AI Systems.
 - Tracking and documentation shall be maintained by Enterprise Services within their vendor management information system or an alternative system/storage for non-third party provided AI Systems or functionality.
 - Such documentation shall be provided to the User's applicable department manager with a copy to Enterprise Services or to the User's regional director with a copy to IT Field Technology & Innovations.
- Adhere to any and all training requirements prescribed by Modern Woodmen whether required prior to use of such AI Systems or as a condition of ongoing use.
- Comply and assist with any auditing of the AI System and compliance with this AI Policy as may be required by Modern Woodmen.

5.3 Approval for new AI capabilities shall adhere to the following procedure:

- Formal approval to introduce, begin testing, and/or begin a proof-of-concept project shall begin with submitting the new or existing system to the User's department manager or the User's regional director.
- Following submission by a home office User, the department manager shall notify Enterprise Services department and submit all necessary documentation to begin the vetting and approval processes.
- Following submission by a Field Staff User, the regional director shall share the name and requested use of the system or software with IT Field Technology & Innovations. IT Field Technology & Innovations will then coordinate the review of the request.
- Enterprise Services shall coordinate the flow of the evaluation steps to the appropriate parties throughout the organization via a predefined process.
- Enterprise Services shall then provide any necessary materials to the Information Security Committee for final evaluation.
- Upon conclusion of the evaluation processes, Enterprise Services shall notify the requesting User's department manager or IT Field Technology & Innovations of the outcome of the evaluation and the next steps based upon the outcome, to include an expressed acknowledgement of any requirements that must be met for approval or an understanding of non-approval or pause requirement. IT Field Technology & Innovations shall notify the requesting Field Staff User's regional director of the outcome of the evaluation and the next steps which may include an expressed acknowledgement of any requirements that must be met for approval or an understanding of non-approval or pause requirement.
- It is the responsibility of the requesting User, or that User's manager or regional director, to exercise the necessary due diligence in selecting any Third-Party provider of an AI System.

6.0 Audit, Monitoring, and Controls

- 6.1. All AI Systems and other technology subject to this policy shall be subject to appropriate auditing, monitoring, and control procedures (“Control Procedures”). Specific Control Procedures for any given AI System shall be determined considering Modern Woodmen’s AI principles, the factors enumerated in Section 6.2, and any other factors or standards deemed prudent and acceptable to Modern Woodmen.
- 6.2. Any User requesting approval of an AI System pursuant to Section 5.3 must present a proposal detailing the necessary Control Procedures that will be implemented to ensure adherence to Modern Woodmen’s AI principles and compliance with this policy. Such Control Procedures shall include consideration of the following:
 - 6.2.1. The capabilities of the AI System.
 - 6.2.2. The anticipated use cases of the AI System.
 - 6.2.3. Whether the AI System will process the PII of Modern Woodmen’s consumers or workers.
 - 6.2.4. The nature of the decisions being made, informed, or supported by the AI System.
 - 6.2.5. The extent to which Modern Woodmen will rely on those decisions.
 - 6.2.6. The extent to which humans will be involved in the final decision-making process.
 - 6.2.7. Whether the AI System has the potential to adversely impact the legal rights of Modern Woodmen’s consumers or workers and the degree of such potential harm.
 - 6.2.8. Whether the data or information accessed by the AI System is retained within Modern Woodmen’s ecosystem.
 - 6.2.9. Whether the data or information entered into the AI System is used to train a Third-Party AI System.
 - 6.2.10. Whether the requested tool is available without AI capabilities.
 - 6.2.11. Any other factors necessary for adherence to the AI principles.
- 6.3. The proposal will be reviewed by the Information Security Committee which may either approve, approve subject to revision, or reject the proposal. If approved, the approved Control Procedures will work in conjunction with any other standard control procedures currently in use by Modern Woodmen.
- 6.4. Upon approval, the User requesting the AI System or, if the requesting User is not a manager or regional director, then the User’s manager or regional director, shall maintain primary responsibility for adherence to the necessary Control Procedures.
- 6.5. In the case of Third-Party AI Systems, Users responsible for the relationship with that Third-Party shall work to secure appropriate contract terms with the Third-Party to provide Modern Woodmen with audit rights or the right receive an audit report concerning any applicable AI System, as well as assurances of cooperation by the Third-Party in any regulatory inquiries or investigations.
- 6.6. Users shall work with appropriate business units to ensure adherence to Modern Woodmen’s applicable data handling practices, including validating the quality and integrity of any data inputs or outputs of an AI System, as well as auditing any decision-making aspects of the AI System according to acceptable standards approved by Modern Woodmen.
- 6.7. Pursuant to Modern Woodmen’s AI approval process, Modern Woodmen shall maintain an inventory of all AI Systems. It shall be the responsibility of the requesting User, or that User’s manager or regional director, to inform Modern Woodmen’s Enterprise Services or IT Field Technology & Innovations departments, as applicable, of any changes to the AI System, including version updates.
- 6.8. AI Systems, and any inputs or outputs from those systems, shall be subject to applicable data and record retention policies.
- 6.9. Modern Woodmen’s Internal Audit department shall have the right to exercise any and all necessary oversight or audit functions associated with the use of an AI System and any User of an AI System shall cooperate completely with the requests of the Internal Audit department.

7.0 Predictive Models

- 7.1. Where applicable, Predictive Models shall be subject to the governance requirements as set forth in this AI Policy, including Sections 5 and 6.
- 7.2. When prudent, as determined by the use case and other relevant factors, additional governance elements shall be applied to Predictive Models, including additional oversight for the development, verification, deployment, use and monitoring of Predictive Models.
- 7.3. Users of Predictive Models shall be required to create an audit plan, including a narrative report describing the model's intended goals and objectives, and implement Control Procedures pursuant to Section 6 of this AI Policy. Where appropriate, the Control Procedures shall account for concerns unique to Predictive Models, including model drift, repeatability, traceability, and auditability.
- 7.4. The inventory of Predictive Models shall be maintained in accordance with this AI Policy.

8.0 Administration

- 8.1 Administration of aspects of this AI Policy relating to AI Systems shall be the responsibility of the Information Security Committee, Enterprise Services, and the User.
- 8.2 Administration of aspects of this AI Policy relating to Predictive Models which do not incorporate Artificial Intelligence shall be the responsibility of Enterprise Services, the User, and any cross functional group constituted for the purpose of governance of specific use cases of Predictive Models, including those which use External Consumer Data and Information Sources as defined by relevant statutes or regulations.

9.0 Compliance and Violations

- 9.1 Compliance with this AI Policy is the responsibility of each individual User.
- 9.2 Violations of this AI Policy, including the requirements of Section 5, shall be treated like other allegations of wrongdoing at Modern Woodmen. Modern Woodmen reserves the right to determine the punishment for violations of this AI Policy, including termination of any employment or association with such User, and further reserves all rights.
- 9.3 If a home office User becomes aware of an actual or potential violation of this AI Policy, User agrees to immediately report such violation to Modern Woodmen's Enterprise Services department. If a Field Staff User becomes aware of an actual or potential violation of this AI Policy, User agrees to immediately report such violation to IT Field Technology & Innovations. This includes, but is not limited to, the downloading or installation of any of the following on any Modern Woodmen networks, systems, or devices:
 - An unlicensed AI System;
 - An AI System not approved according to this AI Policy;
 - An approved AI System that is being used in a manner for which it was not approved; or
 - An AI System containing malicious code or another information security threat.
- 9.4 Modern Woodmen expressly prohibits any form of discipline, reprisal, intimidation, or retaliation for a report or information provided pursuant to Section 9.3.

10.0 Review of the AI Policy

- 10.1 Modern Woodmen expressly reserves the right to change, modify, or delete any provisions of this AI Policy without notice.
- 10.2 This policy will be reviewed annually or as needed to keep pace with changes to the AI landscape.

Acknowledgment of Receipt and Review

Acknowledgment and agreement with the terms of this AI Policy shall be a prerequisite to any use of an AI System. **User's use of an AI System shall be regarded and presumed as such acknowledgment and agreement.** User understands that Modern Woodmen retains the maximum discretion permitted by law to interpret, administer, change, modify, or delete this AI Policy at any time without notice. No statement or representation by a User contradicting this policy shall be binding upon Modern Woodmen or considered as an approved modification. Such modifications shall only be permitted by the Board of Directors of Modern Woodmen, or any appropriate committee appointed by the Board of Directors to administer this AI Policy. Changes to this AI Policy may only be permitted in writing.

If a User bound by the terms of this policy is not an employee of Modern Woodmen, it is expressly acknowledged and agreed upon that this AI Policy does not constitute, nor is intended to constitute, an employment contract. Nothing herein shall establish an employer-employee relationship between Modern Woodmen and the User unless otherwise separately and expressly agreed to by Modern Woodmen and the User.