



U.C. CERA

Artificial Intelligence (AI) Policy Public Summary

Artificial Intelligence (AI) Policy - Public Summary

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Approval Level: Chief Executive Officer

A. Purpose

This public summary outlines LACERA's internal Artificial Intelligence (AI) Policy and describes the organization's framework for the responsible, ethical, and secure use of Artificial Intelligence (AI) technologies, including but not limited to Generative AI (GenAI) and Machine Learning (ML). It ensures that AI is used to enhance service quality and efficiency while safeguarding member privacy, protecting confidential information, and maintaining professional, human oversight over all final decisions and outputs.

Our guiding principles include:

- **Member-First Protection:** The privacy, security, and interests of members come first in any use of AI.
- **Human Oversight:** AI is a tool; human professionals remain accountable for results.
- **Ethical Use:** AI-assisted outputs must meet standards of fairness, integrity, and professionalism.
- **Compliance by Design:** AI use must follow applicable laws, policy requirements, and recognized governance practices.
- **Transparency and Restraint:** We communicate openly about how AI is used and limit its use to appropriate, beneficial contexts.

Scope

The internal AI policy applies to all individuals who may handle or interact with LACERA information in the course of their duties, including employees, contractors, and authorized service providers. It covers any use of AI, GenAI, or ML that touches LACERA data or contributes to LACERA work products.

Definitions

For the purpose of this Policy, the terms below have the following definitions:

Artificial Intelligence (AI): Computer systems able to perform tasks that normally require human intelligence, such as visual perception, speech recognition, decision-making, research, writing, and analysis, and translation between languages, including but not limited to GenAI and ML.

Machine Learning (ML): Use of computer systems that can learn and adapt without following explicit instructions, by using algorithms and statistical models to analyze and draw inferences from data patterns.

Confidential Information: Non-public information belonging to or entrusted to LACERA, including (without limitation) personal data, member records, protected health information, proprietary data, and privileged materials.

National Institute of Standards and Technology (NIST): Is a federal agency that provides measurement science, standards, and technology for various fields, such as computer security, climate, cybersecurity, health, and quantum science.

Policy Summary

A. Acceptable Use and Boundaries

LACERA permits the use of AI to support research, drafting, summarization, idea generation, and similar preparatory activities. These uses can increase efficiency and improve the quality of preliminary work products. However, there are clear boundaries:

- **No Final Authority:** AI cannot be used to generate final communications, decisions, or official records. Staff must review, validate, and approve any AI assisted research, draft, or analysis before it is used or shared.
- **No Unapproved Tools:** Public or unapproved AI tools must not be used with LACERA information. This protects against data leakage, privacy risk, and loss of control over confidential content.
- **No Sensitive Data Exposure:** Confidential or legally protected data must never be entered into external or untrusted AI systems. The policy reinforces strong restrictions around personal information, health information, member records, privileged materials, and other sensitive categories.
- **Business Purpose Only:** AI is used only to support legitimate business purposes consistent with LACERA's mission, fiduciary responsibilities, and professional standards.

B. Data Protection and Confidentiality

Protecting confidential information is central to the AI Policy. LACERA upholds strict controls over how sensitive data is accessed, handled, and used—particularly in the context of AI. This includes:

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- **Confidential Information:** Information not publicly available that relates to LACERA's operations or is entrusted to LACERA is treated as confidential and protected accordingly.
- **Personal Data (PII):** Identifiable information about individuals—such as names, contact details, or identification numbers—receives heightened protection and may not be shared with unapproved AI tools.
- **Health Information (PHI):** Health related information, where applicable, is handled in line with applicable privacy requirements and may never be exposed to external AI systems.
- **Proprietary and Privileged Information:** Information that is proprietary, legally privileged, or exempt from disclosure remains strictly controlled and is not input into AI tools outside LACERA's approved environment.

These protections ensure member privacy and uphold LACERA's legal and ethical obligations regarding sensitive data.

C. Responsible and Ethical AI Use

LACERA's approach to AI is grounded in responsibility and ethics. AI assisted output must be appropriate, accurate, and aligned with our standards. Users are expected to:

- **Evaluate Reliability:** Treat AI output as a starting point that requires critical review. Claims, figures, and citations must be verified using trusted sources.
- **Avoid Bias and Misrepresentation:** Content influenced by AI must not promote unfairness, prejudice, or misleading conclusions.
- **Respect Intellectual Property:** Users must not request or produce content that infringes copyright or violates intellectual property rights.
- **Maintain Professional Quality:** AI-assisted drafts and analyses must meet LACERA's expectations for clarity, accuracy, and professionalism once finalized by staff.

D. Human Oversight, Accountability, and Quality Assurance

Human oversight is fundamental. Staff who use AI are responsible for the accuracy and appropriateness of the final output. This includes:

- **Review and Approval:** AI assisted content must be reviewed and approved by responsible personnel before use, ensuring that it reflects correct facts, context, and tone.

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- **Attribution and Authorship:** Final work product is considered authored by staff, who are accountable for its quality and integrity—even when AI provided preliminary input.
- **Risk Awareness:** Users must consider the potential risks associated with AI outputs (for example, hallucinations, outdated information, or lack of context) and mitigate those risks through informed judgment and additional verification.

E. Legal and Regulatory Compliance

All AI use must comply with applicable laws and regulations, as well as LACERA's policies concerning privacy, confidentiality, records, and ethical conduct. While this summary does not describe internal procedures, the policy is designed to integrate with LACERA's broader compliance and information security expectations. In practice, that means:

- **Privacy and Data Protection:** Personal and sensitive information is handled lawfully, with appropriate safeguards and restrictions on sharing.
- **Intellectual Property Compliance:** Content generation respects copyright, licensing, and fair use principles.
- **Records and Transparency:** Where applicable, records are finalized and maintained by staff, not by AI systems, preserving accountability and auditability.

F. Security Expectations

LACERA's AI Policy reflects a commitment to secure use of approved tools and safe handling of data. At a high level:

- **Access Control:** Only authorized personnel may use AI tools in connection with LACERA information, and credentials must never be shared.
- **Protection Against Data Loss:** Measures are taken to prevent the exposure of confidential data to unapproved platforms or uncontrolled environments.
- **Secure Practices:** Users are expected to follow secure practices, such as avoiding entry of sensitive data into prompts and verifying that any content used is appropriate for the intended audience.

G. Training and Awareness

Because AI is rapidly evolving, LACERA provides regular training and awareness to all staff to help personnel understand responsible AI use. Training focuses on ethical considerations, privacy and confidentiality obligations, the importance of human review,

and practical strategies to identify and correct errors in AI assisted output. This ongoing education supports a culture of careful, informed use and continuous improvement.

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H. Third Party and Service Provider Expectations

Where third parties assist LACERA and may interact with AI in the course of their services, LACERA expects adherence to comparable standards of privacy, confidentiality, and ethical conduct. Vendors and partners must respect the boundaries described in this policy, including restrictions on the use of confidential data and the requirement for human oversight over any AI assisted outputs. LACERA's goal is to maintain consistent protection and responsible use across its broader ecosystem.

I. Appropriate Transparency to Members

LACERA recognizes the importance of member trust. While AI may assist with drafting or analysis behind the scenes, members can expect that final communications and decisions affecting their benefits are made and communicated by knowledgeable professionals. When appropriate, LACERA provides clear, understandable information about its responsible use of AI and the steps it takes to protect member privacy and maintain quality.

J. Accountability and Consequences for Misuse

The AI Policy includes consequences for misuse or violation of its terms. While this summary does not detail internal monitoring and security processes, individuals who fail to meet policy requirements may be subject to disciplinary action or other appropriate remedies under applicable rules and laws. These measures reinforce LACERA's commitment to safeguarding members and maintaining the integrity of its operations.

K. Continual Improvement

AI technology and the legal landscape are evolving. LACERA periodically reviews and updates its AI Policy to address emerging risks, improve clarity, and align with current best practices for responsible AI use. This commitment to continual improvement ensures the policy remains effective and relevant as technology and expectations change.

L. What Members Should Know

For members, the most important assurances are simple:

1. **Your confidential information is protected:** LACERA does not place your personal, financial, or health information into public AI tools.

2. **People—not algorithms—make decisions:** AI may assist with routine tasks, but trained professionals review and approve all final outputs and decisions.
3. **Quality and fairness matter:** Any AI assisted content must meet LACERA's standards for accuracy, professionalism, and alignment with our mission and values.

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4. **We are cautious and transparent:** LACERA uses AI carefully and thoughtfully, and we communicate openly about our practices responsibly.
5. **We keep pace with change:** As technology evolves, our policy evolves with it—always centered on member trust and protection.

