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AI vs. the Workforce: Disruption or Cognitive Partnering in Cyber and Privacy Law, Cyber Insurance, and Cybersecurity

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Disruption or Cognitive Partnering in Cyber and Privacy Law, Cyber Insurance, and Cybersecurity

As artificial intelligence redefines the cyber landscape, it also reshapes the human workforce behind it. Will AI displace professionals in legal, insurance, and incident response roles—or empower them as strategic co-pilots? How will it impact the regulatory landscape, AI to AI service delivery, and ultimately the risk landscape.

This session explores the dual futures of human capital in the cyber ecosystem. In one world, automation replaces contract reviewers, underwriters, law enforcement, and SOC analysts—streamlining operations at the cost of careers. In the other, AI augments expertise, enabling professionals to work smarter, faster, and more securely resulting in superhuman enhancements to the industry.

Panelists from cybersecurity, legal, and insurance domains will debate these futures, examine real-world use cases, and share insights into how organizations can prepare their people for a world where AI isn't just a tool—but a teammate, or a takeover.

What is Artificial Intelligence?

AI system: An engineered or machine-based system that can, for a given set of objectives, generate outputs such as predictions, recommendations, or decisions influencing real or virtual environments. (National Institute of Standards and Technology's Artificial Intelligence Risk Management Framework, 2023)

Algorithms and predictive models: Processes of using mathematical and computational methods that examine current and historical data sets for underlying patterns and calculate the probability of an outcome. (CO Insurance Law)

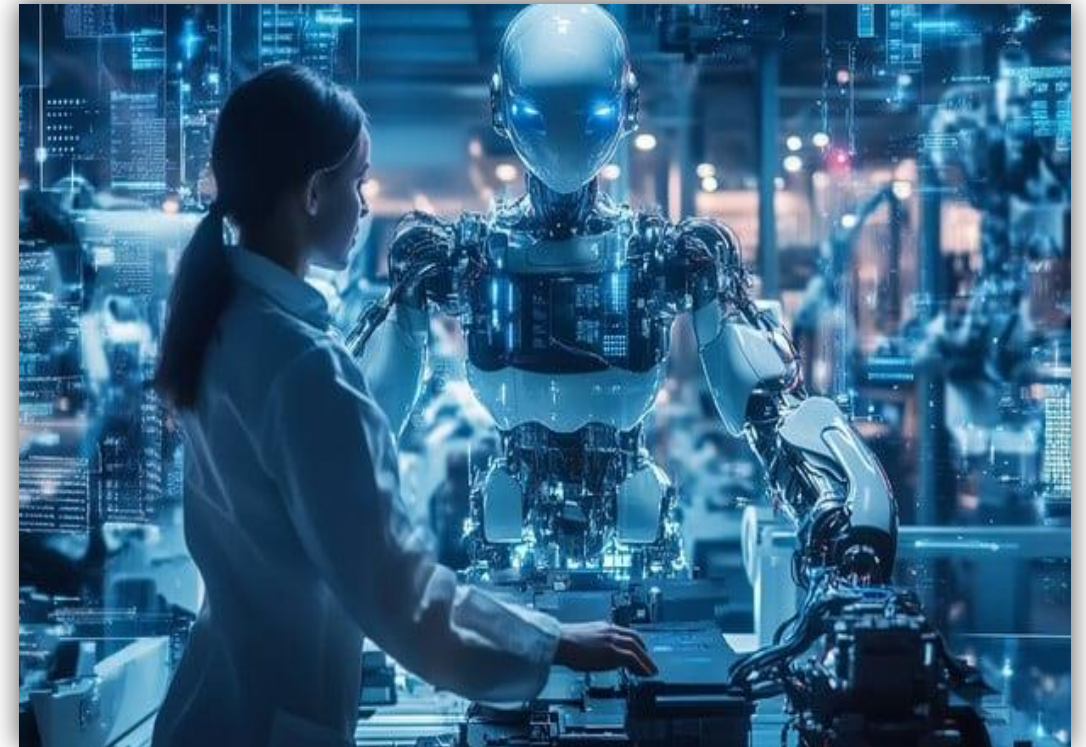
Automated decision tools: Processes that substantially assist or replace discretionary decisions (scores, classifications, rankings, simplified output criteria). (NY LL 144)

Bias: Discrimination or disparate impact. Will vary, but focus is on differential treatment on the basis of a protected class (race or color, gender, national origin, religion, disability, age, children, vulnerable classes).

Disproportionately negative outcome: A "result or effect that has been found to have a detrimental impact on a group as defined by race, color, national or ethnic origin, sex, sexual orientation, gender...An impact is material even after accounting for factors that define similarly situated consumers." (CO Insurance Regulations)

The Rise of AI in the Workplace

- AI is revolutionizing how we create, invent, and innovate
- AI is increasingly used in various industries
- Applications include content creation, design, and problem solving
- AI can generate text, images, algorithms, drugs, chemicals, music, and even code



Pros and Cons of AI

Cons:

- Discrimination
- Hallucinations
- Misuse

Pros:

- Increased efficiency and productivity
- Cost reduction
- Faster data analysis

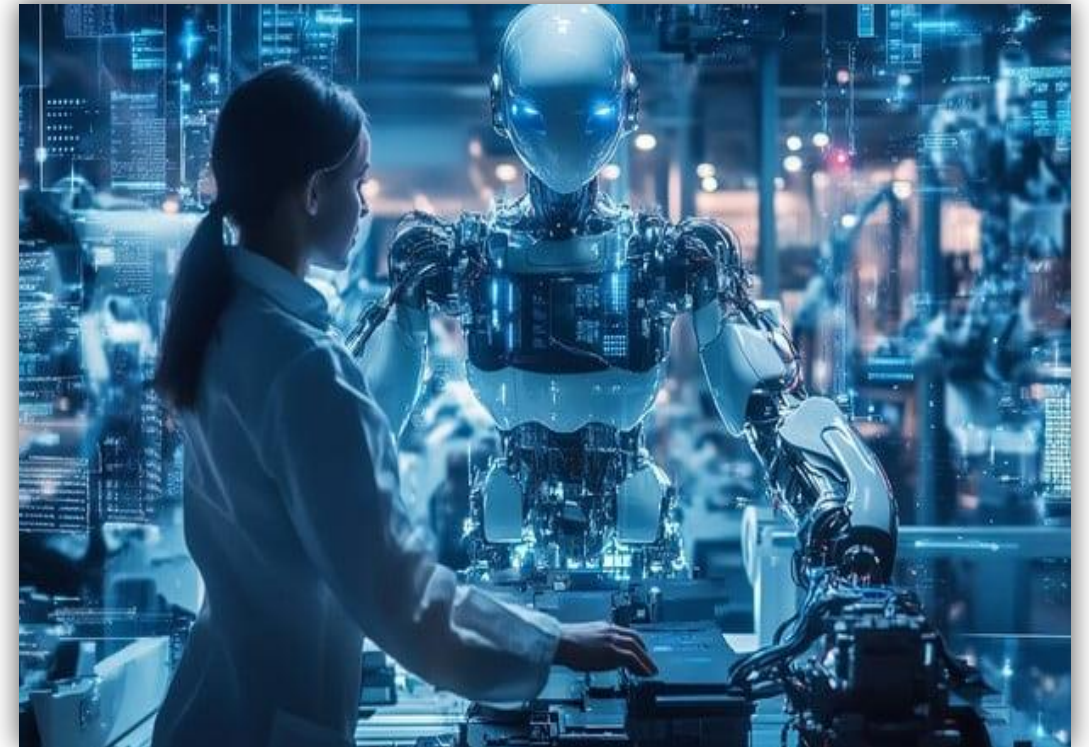
Four Prongs to Existing AI Policy in the U.S.



Prong	Description
Existing federal and state law authority	<ul style="list-style-type: none">▪ Existing federal authority under federal antidiscrimination law (U.S. Equal Employment Opportunity Commission)<ul style="list-style-type: none">▪ iTutorGroup–EEOC 2022 complaint (EEOC), 2023 draft strategic enforcement plan▪ Title VII of Civil Rights Act, Age Discrimination in Employment Act, Fair Housing, Americans With Disabilities Act, etc.▪ Federal Trade Commission–FTC Act Section 5; Fair Credit Reporting Act; Equal Credit Opportunity Act<ul style="list-style-type: none">▪ Unfair or biased algorithms, deletion of models developed with improperly collected data▪ “Keep Your AI Claims In Check”–blog▪ Existing state regulatory authority under state antidiscrimination laws<ul style="list-style-type: none">▪ New York State Department of Financial Services–letter to insurers, AppleCard investigation▪ California Attorney General letter–health care decision making
New laws – largely at state and city level	<ul style="list-style-type: none">▪ New York City Local Law 144: enacted and effective; Automated Employment Decision Tools (AEDT)▪ DC Stop Algorithmic Discrimination Act; NJ Algorithmic Accountability Act▪ 2021 Insurance Law and Colorado Division of Insurance–draft Algorithm and Predictive Model Governance Regulation (February 2023)
Industry standards and federal guidance	<ul style="list-style-type: none">▪ NIST AI Risk Management Framework–January 2023▪ White House Blueprint for AI Bill of Rights▪ National Association of Insurance Commissioners–Organization for Economic Cooperation and Development’s AI Principles
Emerging judicial dictates and case law	<ul style="list-style-type: none">▪ Increase in class action filings alleging use of AI or machine learning led to discrimination or disparate impact▪ AI- or machine learning-derived property rights–intellectual property (IP), copyright, etc.

How to respond?

- Harmonize emerging legal regimes into a defensible use strategy
- Training workforce on appropriate use of AI
- Create comprehensive AI governance programs
- Defensible use: risk characterization and evaluation (i.e. audit or assessment) of AI tools
 - Impact assessments
 - Model Testing
 - Performance – accuracy, technical defects
 - Red Teaming

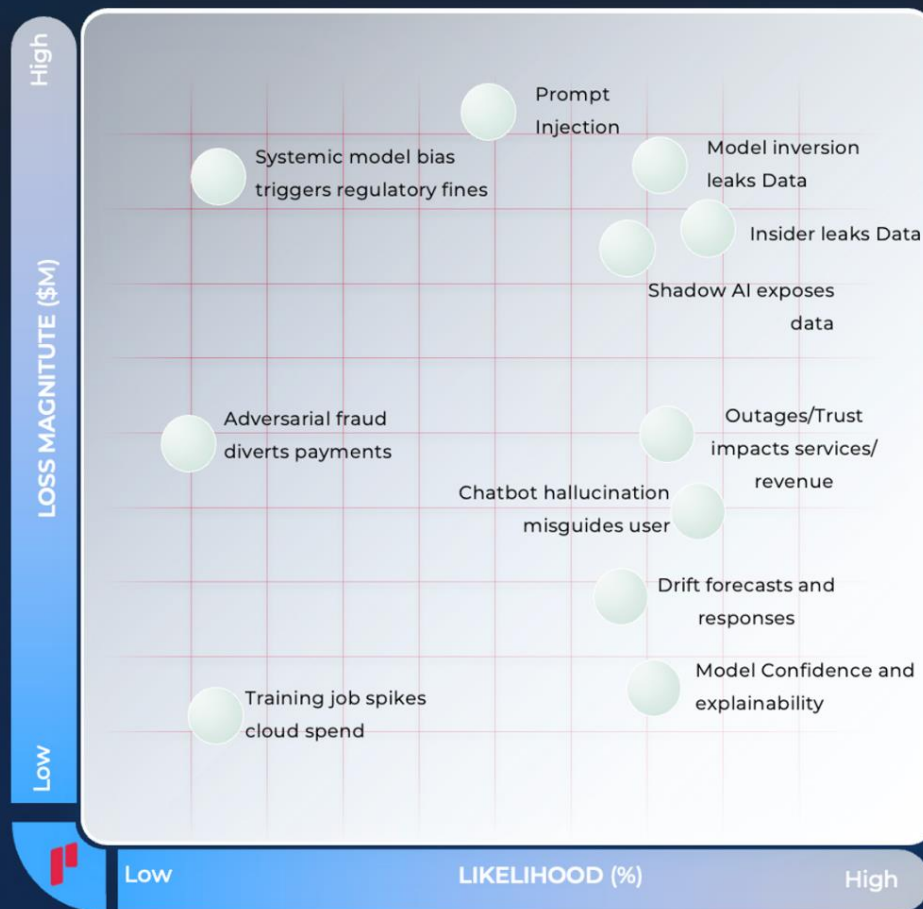


Pondurance AI Privacy and Cybersecurity Statement

TOPIC	PONDURANCE USE OF CUSTOMER DATA	COMMENTS
Collection of PII, HIPAA, CMMC, PCI and other regulated data	In no case should a customer send regulated data to Pondurance. In the event regulated data is sent to Pondurance and detected by the customer or Pondurance, the data will be removed or encrypted with no key access provided to any party.	8/1/2025. Select customers also have opted for the optional service for periodic data analysis to test for presence of regulated data.
Data placed into public models	Pondurance does not use public AI, only Enterprise AI models. Pondurance only uses models whereas any data we input is not used for the AI public learning models. Note Pondurance CrowdStrike LogScale instance is a private deployment on Pondurance AWS infrastructure.	8/1/2025. Current AI Model in use, whereas customer data may be used, is Enterprise OpenAI. Other models in test do not use live customer data.
Stewardship of Customer Data	We control how long data is retained (ChatGPT Business); currently set for 6 months. We control which Pondurance internal sources are connected (ChatGPT Enterprise)	8/15/2025. Current retention of data is set for 6 months. Due to model changes and staleness of data, we believe this provides the balance needed for data stewardship.
Control. Pondurance limits access to data to the same roles as with its business practices dictate today.	We require Enterprise-level authentication through SAML SSO Fine-grained control over access and available features Sharing limited to internal Pondurance Personnel	8/15/2025. Pondurance is able to maintain its access controls for protection of system access and customer data consistently across AI platforms.
Security. Comprehensive compliance.	Successfully completed a SOC 2 audit (Open AI Enterprise) Data encryption at rest (AES-256) and in transit between end to end between customer data collection, Pondurance, and between Open AI Enterprise and any service providers (TLS 1.2+)	8/15/2025. Current data at rest and in transit meet all customer contract requirements.

Threats within the AI Landscape

RISK SCENARIOS TRACKER



PONDURANCE RISK SCENARIOS	CHANGE IN LIKELIHOOD	
	2025	2030
Model Inversion data exposure	▲ 10%	▲ 25%
Insider Leak data exposure	▲ 50%	▲ 50%
Shadow AI data exposure	▲ 25%	▲ 50%
Systemic Model Bias/Regulatory	▲ 10%	▲ 15%
Outage/Trust Impacts	▲ 5%	▲ 55%
Chatbot hallucination	▲ 50%	▼ 1%
Adversarial Fraud	▲ 1%	▲ 12%
Drift forecast and responses	▲ 25%	▼ 1%
Model Confidence/Explainability	▲ 25%	▼ 1%
Prompt Injection	▲ 50%	▲ 75%
Job Impacts (risk to total jobs)	▲ 12%	▲ 50%

LIKELIHOOD and LOST MAGNITUDE (%) will continue to Increase
Probability = 100%

Question & Contacts



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