

NEWS RELEASE

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Faegre Drinker AI-X Team Launches Algorithmic Discrimination Testing and AI Governance and Risk Management Service for Insurers

Faegre Drinker — December 4, 2023 — Faegre Drinker’s [artificial intelligence and algorithmic decision-making \(AI-X\) team](#) has launched its algorithmic testing and AI governance and risk management service for insurers. The initiative fuses Faegre Drinker’s deep bench of attorneys trusted by the insurance industry and regulators alike with the robust data science and technology capabilities of [Tritura](#). The testing is powered by Tritura’s proprietary data analytics and AI platform, QuarterJack™.

When it comes to the use of AI, insurers face a dynamic legal and regulatory environment, emerging technologies and a complex set of risks. Faegre Drinker’s team combines technical know-how with vast legal experience to help insurance clients effectively navigate the complex and shifting landscape. The team designs AI governance programs tailored to each client’s needs and provides comprehensive data science capabilities to test AI models for potential unfair discrimination.

“Our clients are looking for help evaluating their processes against fast-paced regulatory changes in a way that smartly leverages technology. We’re able to harness our QuarterJack platform to efficiently and effectively do just that,” Faegre Drinker partner and co-leader of the AI-X team [Jay Brudz](#) said.

Colorado adopted a regulation in September 2023 that requires life insurers using external consumer data and information sources (ECDIS) to implement a governance and risk management framework designed to prevent unfair discrimination. Affected companies must comply with the requirements by December 1, 2024, and submit an interim progress report by June 1, 2024. Colorado has also released a draft regulation that will require life insurers using ECDIS in their underwriting process to test for unfair discrimination, as uniquely defined by Colorado law. Beyond life insurance, Colorado is addressing requirements for auto insurance and may turn its attention to other types of insurance next.

Likewise, on December 4, 2023, the National Association of Insurance Commissioners (NAIC) unanimously adopted a model AI governance bulletin that encourages the use of testing to identify potential “unfair discrimination in the decisions and outcomes resulting from the use of Predictive Models and AI Systems.” The bulletin also requires insurers to adopt an AI governance and risk management framework. Time will tell how many states adopt the bulletin, but make no mistake -- the insurance regulatory landscape is changing quickly.

“These state-based developments are a big deal and for many insurers will require a significant lift,” said co-leader of the AI-X team and insurance partner [Scott Kosnoff](#). “At the federal level, President Biden’s sweeping AI executive order likely will have a downstream effect for some insurers, especially those that do business with the federal government. Faegre Drinker is well-equipped to help our clients face these challenges and harness the power of AI in a safe, legal and ethical manner.”

Faegre Drinker’s AI-X team has been helping insurance clients design and build bespoke AI governance programs and test their AI models for potential unfair discrimination. The interdisciplinary team of attorneys and data scientists helps businesses leverage the benefits of AI and big data in a way that thoughtfully mitigates regulatory, litigation and reputational risks. The team has:

- advised insurers, insurance trade associations and third-party vendors in connection with AI risk management/governance issues and emerging regulatory standards and expectations at the state, federal and international levels.
- helped insurance clients test AI models for unfair discrimination.
- regularly been called upon by insurance clients to brief the nation’s top insurance regulators on AI matters, including ways that insurers can employ risk management and governance to mitigate their regulatory, litigation and reputational risks.
- been recognized as a national leader in the AI/insurance regulatory space and regularly presents at industry conferences and private events.

About Faegre Drinker

About Faegre Drinker Faegre Drinker is a firm designed for clients. With 1,200 experienced attorneys and consulting professionals licensed in nearly every state in the U.S., and with strategic offices in London and Shanghai, we have the strength and reach to solve our clients’ most complex transactional, litigation and regulatory challenges, wherever they may arise. Faegre Drinker Consulting, the firm’s advisory and advocacy division based in Washington, D.C., provides public policy, regulatory and technical services to key sectors of the economy. Additional services include Tritura Information Governance, the firm’s data science subsidiary, and Innovative Health Strategies, a health care consultancy that helps hospitals operate efficiently and improve quality of service. Learn more at [FaegreDrinker.com](#).

About Tritura

Tritura delivers meaningful data-driven insights and helps clients put them into practice for better legal and business outcomes. Tritura’s team of data scientists solves high-volume legal and compliance data investigation challenges using advanced data analytics, and AI to discover the facts—wherever they are—and deliver the meaningful insights and legal strategy clients need to achieve their objectives. Tritura is a wholly owned subsidiary of Faegre Drinker Biddle & Reath LLP.

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