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Five Myths and Truths About AI in Pooling

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Artificial intelligence raises big questions and even bigger expectations for how pools operate, make decisions and manage risks. As with any emerging technology, separating real potential from overpromised results is essential. Pools thrive when they adopt tools with care, clarity and purpose — and AI is no exception.

Here are five common myths about AI in pooling and the truths that give a clearer picture of what AI can do for your pool, your members and your mission.

MYTH: AI is a plug-and-play solution.

TRUTH: AI tools require careful implementation, ongoing oversight and refinement.

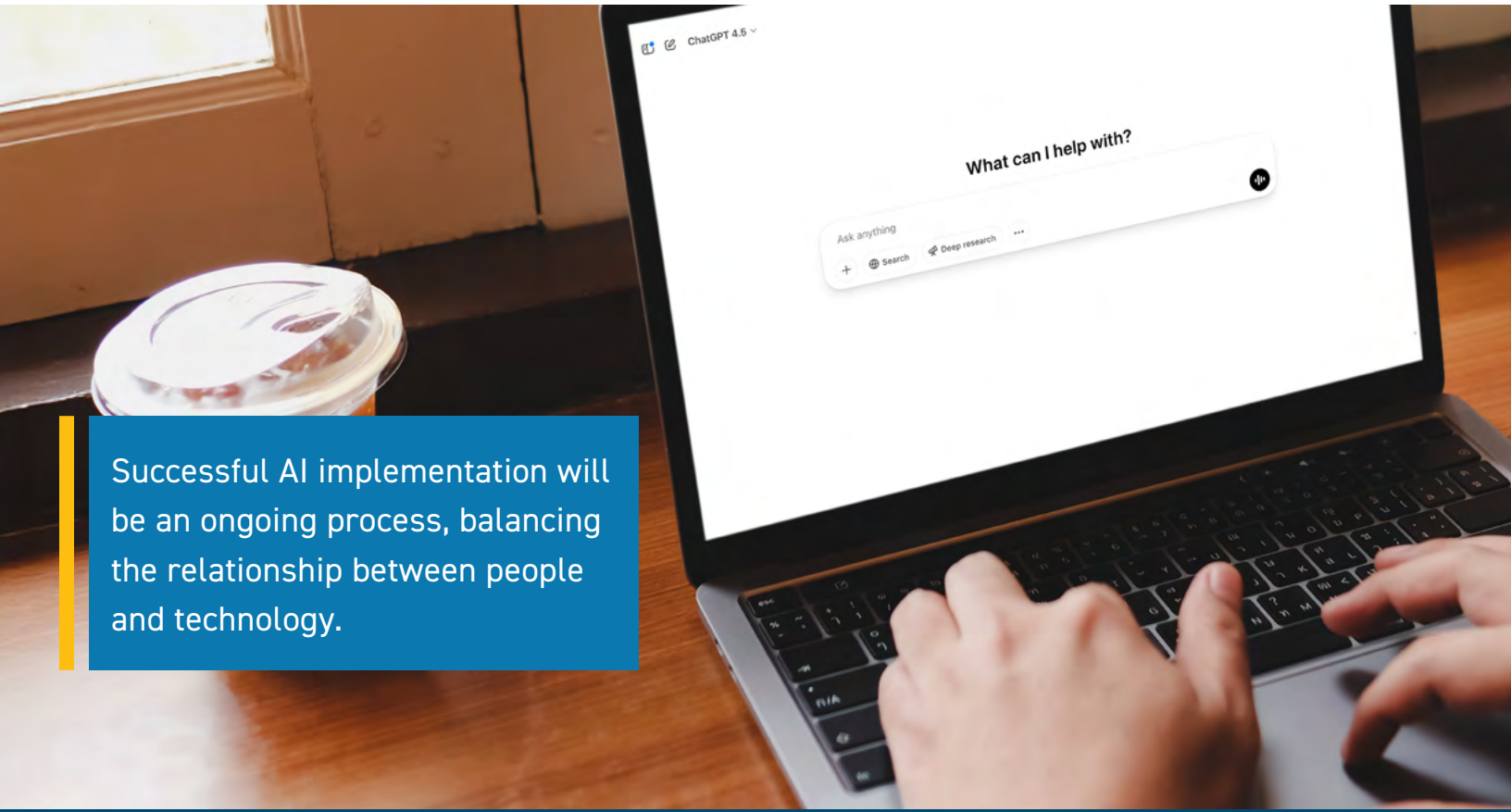
AI success depends on insightful implementation rather than quick installation. Effective AI efforts begin with understanding where AI can add value, selecting tools that align with those needs, and guiding utilization to support pool actions and decisions.

Technology alone is rarely a complete solution to any problem, and AI is no exception. Pools cannot expect meaningful AI results without considering and preparing data, defining objectives and shaping workflows to match AI goals.

Beyond initial implementation, AI systems require ongoing evaluation and adjustment. The evolution of AI tools is fast-paced, and six months can bring significant changes to an AI-enabled output, including, in some cases, a degradation of results that happens before a major leap in AI learning.

Through careful and ongoing oversight, pools can fine-tune AI models, improve outcomes and avoid unintended consequences. This work demands both technical knowledge and a strong commitment to responsible use for the stated, specific purpose of any AI tool.

In practice, successful AI integration is a long-term collaboration between people and technology. This approach helps AI become fully embedded in operations, useful and matched to the realities of pooling.



Successful AI implementation will be an ongoing process, balancing the relationship between people and technology.

MYTH: AI will replace people.

TRUTH: AI will support people by enhancing human expertise, not eliminating it.

Human judgment remains essential in pooling, even with advanced AI tools.

AI excels at identifying patterns, flagging anomalies and producing forecasts, but people bring context, professional experience, empathy and an insightful lens that shapes AI findings into meaningful strategies. Staff members will interpret AI outputs, consider unique member circumstances and needs, and weigh alternatives to make the best possible decisions.

When pools adopt AI as a support tool, staff gain new ways to focus their expertise. AI can handle time-consuming tasks such as data analysis or document summarization, freeing professionals to concentrate on long-term planning, member relationships and creative problem-solving. This partnership between people and technology strengthens the pool's ability to manage complex risks while maintaining a personal, service-focused approach.

It is possible (and probable) that some roles could dramatically change or even become obsolete when AI is fully embedded within pool work. But that doesn't mean the pool's headcount will necessarily be reduced. Teams that learn to use AI effectively can adjust their skills, improve and expand service delivery to members, and respond more quickly to emerging challenges in ways they weren't able to before AI supports.

AI tools can work alongside staff, not in place of them.

MYTH: AI adoption is only for large pools with robust resources.

TRUTH: Pools of all sizes benefit from AI when they scale tools to meet their needs.

AI solutions come in many forms, from simple automations to more sophisticated predictive models. Pools don't need a massive technology budget or an in-house data science team to start using AI in practical ways.

Pools of all sizes use accessible AI-enabled tools in their day-to-day work, such as meeting transcription services, support for member communications and chatbots that make it easier for members to find answers to frequent questions.

Existing technology products like Microsoft and Zoom have embedded AI functionality to help with day-to-day pool work. These increasingly familiar and available tools offer a manageable starting point for any pool to experiment with and learn about AI opportunities.

AI initiatives often start with someone at the pool who is willing to learn and be a champion for others to adopt AI practices. Find the person at your pool who is enthusiastic about AI technology and ask them to lead the way for others.

Another accessible AI resource is available through contracted service providers. Service providers are making considerable investments into AI supports for their clients, including pools. Ask your business partners about available AI functionality within claims and policy systems, actuarial analyses, investment advice, asset management, payroll auditing, reinsurance reviews, medical bill processing, enrollment and other pool activities. Firms doing business across industries and with multiple pool clients are in an ideal position to help guide pool use of AI systems.

Pools with in-house technology resources and larger budgets may be looking to implement custom AI solutions — but with so many possibilities, it can be challenging to decide where to start.

Begin with an AI initiative your team can accomplish in three to 12 months, demonstrate early value (even if small), and build staff confidence as they incorporate AI tools into everyday work.

No matter the size of your pool or the scope of your AI implementation, the time for learning and experimentation is now, so your team's AI skills develop at the same pace as the technology.

By starting with readily available AI resources and building internal knowledge, any pool can use AI in pragmatic, meaningful ways.

MYTH: AI poses too many risks to use right now.

TRUTH: With the right governance, AI can be used responsibly and securely.

Concerns about AI privacy, transparency and bias deserve serious attention. Pools manage sensitive data and uphold public entity trust, so must approach AI use with strong policies and clear accountabilities. Responsible AI begins with defining how the technology will be used, establishing guidelines for data management, and assigning oversight roles to ensure accountability.

AI governance frameworks help pools anticipate challenges and respond proactively. As you seek to use AI tools and build AI capacity at your pool, be sure to:

- **Adopt an AI use policy applicable to all staff.** An effective AI use policy will define acceptable AI uses as well as when and how AI may not be used for pool purposes. Your pool needs an AI use policy even if you do not currently have approved AI use cases. Because AI resources are so readily available and easy to use, it's important to outline impermissible uses to avoid unknowing or unintended consequences.
- **Review service provider contracts for AI use.** Your pool's data, resources and decision factors may be shared with service providers using AI. It's crucial to understand where and how your pool's information is stored or used in AI-enabled processes, as well as how AI influences recommendations for pool decisions.
- **Establish clear parameters for human oversight in AI-assisted decision-making, particularly in underwriting and claims management functions**. In addition, if AI assists in underwriting and claims functions, create processes for managing AI transparency, reporting errors, biases and concerning outputs.
- **Update data security and business continuity practices to reflect AI operational risks.** Data security procedures should address risks resulting from AI systems implemented by a pool or its service providers and require cybersecurity training that includes emerging threats. Pools should also be creating cyber incident response plans for threats presented by AI systems or through AI means.
- **Determine appropriate methods and timing for communicating AI use to members.** Pools operate in an environment where maintaining member trust is critical, so it's a good idea to be open about where and how your pool is using AI to support decisions.

Rather than avoiding AI altogether, pools can lean into risk-aware practices that align with the very foundation of pooling. By treating AI as a suite of tools to be governed and refined, pools strengthen their capacity to innovate while upholding their commitment to fairness, transparency and public service.

> Responsible AI use is risk-aware, aligning with the very foundation of pooling.

MYTH: AI is a passing trend.

TRUTH: AI is an evolving tool that will continue to shape pools and pooling.

AI represents a long-term shift in how all organizations will gather, analyze and act on information. Just as pools embraced digital claim files, policy systems and online member portals, we can expect AI to become an integral part of operations.

Choosing to ignore AI leaves a pool vulnerable. Early adopters learn alongside AI's evolution, building institutional knowledge, developing best practices and positioning to adapt as technology matures.

By engaging early, asking tough questions and experimenting responsibly, pools will define how AI serves their mission and membership. This ensures AI adoption aligns with pooling values and secures the long-term sustainability of the pooling model.

Pools that engage with AI early, learn the language and experiment thoughtfully will be better positioned to adapt and lead.

Where to Go from Here

AI offers pools the chance to work smarter and explore new ways to support members. Moving forward successfully starts with small, intentional steps:

- **Start with one practical use case.** Identify a single task that routinely consumes staff time, such as summarizing long documents, preparing meeting materials, sorting routine information or reviewing basic data. Focus on something low-risk and contained so you can experiment without disrupting existing processes or workflows.
- **Educate staff.** Provide introductory opportunities for the entire pool team to understand what AI can and cannot do, how tools support their work and where guardrails apply. Building shared awareness reduces uncertainty and strengthens responsible, confident use. Plus, AI skills are going to be necessary in the future for every pool role.
- **Establish simple guidelines for responsible use.** Clarify when AI can be used, what types of information it can access and who reviews its outputs. These guardrails protect your pool and support accuracy, fairness and transparency — principles that reflect the core values of pooling.
- **Keep human judgment at the center.** Treat AI's outputs as inputs to your decision-making process, not final answers. Staff expertise, context and member-focused insight remain essential for interpreting results and ensuring they align with your mission.
- **Review outcomes and refine your approach.** Evaluate whether AI tools deliver the insights or efficiencies you hope for. Note what works, where adjustments are needed and any surprises that surface. This reflection helps prevent missteps and strengthens future efforts.
- **Document what you learn and apply it gradually.** Capture small lessons as you go — about data quality, workflow improvements or needed policies — and use them to guide your next AI project. Incremental learning builds internal capacity and helps ensure AI is used in ways that are sustainable and mission aligned.

About the Author

Ann Gergen oversees operations, governance functions and member service delivery for the Association of Governmental Risk Pools. She routinely communicates and collaborates with the more than 200 pools that participate in AGRiP and their service providers. Ann has more than 30 years of direct public sector experience in local government management, emergency services, risk management, primary and reinsurance claims and pooled insurance services. She is a recognized resource in strategic management and operations of public entity pools.