

An Act on the Use of Artificial Intelligence Systems by Insurers

****Proposal submitted for discussion by the American Insurtech Council. To be discussed during the meeting of the Financial Services & Multi-Lines Issues Committee on November 14, 2025.***

Section 1. Title

This Act shall be known and may be cited as the “Artificial Intelligence for Insurers Compliance Act.”

Section 2. Purpose

The purpose of this Act is to ensure that all insurers licensed to do business in the State of [State Name] promote fairness, accountability, and transparency in the use of AI systems in the insurance industry.

Section 3. Definitions

For the purposes of this Act, the following terms shall have the meanings ascribed to them:

- (a) “AI System” is a machine-based system that can, for a given set of objectives, generate outputs such as predictions, recommendations, content (such as text, images, videos, or sounds), or other output influencing decisions made in real or virtual environments. AI Systems are designed to operate with varying levels of autonomy.
- (b) “Artificial Intelligence (AI)” refers to a branch of computer science that uses data processing systems that perform functions normally associated with human intelligence, such as reasoning, learning, and self-improvement, or the capability of a device to perform functions that are normally associated with human intelligence such as reasoning, learning, and self-improvement. This definition considers machine learning to be a subset of artificial intelligence.
- (c) “Insurer” means any insurance company licensed to do business in the State of [State Name].
- (d) “Generative Artificial Intelligence (Generative AI)” refers to a class of AI Systems that generate content in the form of data, text, images, sounds, or video, that is similar to, but not a direct copy of, pre-existing data or content.
- (e) “Machine Learning (ML)” Refers to a field within artificial intelligence that focuses on the ability of computers to learn from provided data without being explicitly programmed.

(f) “Department” means the [State Department of Insurance].

Section 4. Compliance Requirements

- (a) All insurers shall comply with the requirements set forth in this ACT.
- (b) Insurers shall implement and maintain a written program for the use of AI systems, including policies and procedures, risk management, internal controls, and documentation requirements.
- (c) Insurers shall ensure that their use of AI systems does not result in unfair trade practices or unfair discrimination, in accordance with all applicable state and federal laws.

Section 5. Certification

- (a) Each insurer shall annually certify to the Department that it is in compliance with the requirements of this Act.
- (b) The certification shall be signed by an officer of the insurer and shall include a statement attesting to the insurer’s compliance with the requirements of this Act.
- (c) The certification shall contain the following elements:
 - a. Governance and Oversight:
 - i. The insurer has established a governance framework for the development, acquisition, and use of AI systems.
 - ii. The insurer’s board of directors or a designated committee oversees the AI governance framework.
 - b. Risk Management:
 - i. The insurer has implemented risk management policies and procedures to ensure the fair and ethical use of AI systems.
 - ii. The insurer regularly assesses and mitigates risks associated with AI systems, including potential biases and data vulnerabilities.
 - c. Transparency and Accountability:
 - i. The insurer maintains transparency in the use of AI systems, including clear documentation and communication with stakeholders.
 - ii. The insurer ensures accountability for decisions made or supported by AI systems.

d. Compliance with Laws and Regulations:

- i. The insurer's use of AI systems complies with all applicable federal and state laws and regulations, including those related to unfair trade practices and discrimination.

e. Documentation and Reporting:

- i. The insurer maintains comprehensive documentation of AI systems and their use.
- ii. The insurer is prepared to provide documentation and information to the Department of Insurance upon request during investigations or examinations.

Section 6. Enforcement

- (a) The Department shall have the authority to enforce the provisions of this Act and may conduct examinations and investigations to ensure compliance.
- (b) The Department may request information and documentation from insurers regarding their use of AI systems as part of any examination or investigation.
- (c) Any insurer found to be in violation of this Act may be subject to penalties as provided by [State Insurance Code].

Section 7. Effective Date

This Act shall take effect on [Effective Date].