October 30, 2025
Chair Assemblyman Michael Gandolfo
Vice Chair Senator Steve Grayson
NCOIL Financial Services & Multi-Lines Issues Committee
c/o Will Melofchik, NCOIL

RE: Support for the American Insurtech Council's Proposed "Artificial Intelligence for Insurers Compliance Act" as an Alternative to the NCOIL Draft Model Act

Dear Chair Gandolfo, Vice Chair Grayson, and Members of the Committee:

On behalf of the American Insurtech Council (AITC), thank you for the opportunity to comment on the NCOIL Model Act Regarding Insurers' Use of Artificial Intelligence (draft dated June 17, 2025).

AITC is the advocate for Insurtech. Through our active engagement with state and federal policymakers, we drive public policy and advocacy initiatives in the public interest aimed at accelerating ethical digital innovation within the insurance industry. AITC supports the entire Insurtech ecosystem from Insurtech companies to legacy insurers, and all other stakeholders.

We appreciate NCOIL's leadership in examining the evolving role of artificial intelligence (AI) and the need for a regulatory framework that balances oversight with innovation. However, AITC respectfully notes that the current draft NCOIL model could benefit from broader flexibility to better align with emerging national standards and evolving operational practices. Instead, we urge the Committee to consider the AITC's alternative proposal—the Artificial Intelligence for Insurers Compliance Act—as a more practical, risk-based, and enduring model for state adoption.

1. The AITC model offers a principles-based framework aligned with existing regulatory structures.
AITC's Artificial Intelligence for Insurers Compliance Act establishes a compliance certification model—one that requires insurers to maintain written AI governance programs, risk management systems, and internal controls, while certifying compliance annually to their state insurance department.

This framework mirrors proven regulatory mechanisms from financial and market conduct exams to cybersecurity certification standards. It builds accountability through governance and transparency—without dictating day-to-day operational decisions better handled within company risk management systems.

2. The AITC approach ensures consistency with state and federal unfair trade practice laws.
Rather than create new substantive prohibitions, the AITC model reinforces existing protections against unfair discrimination, bias, and unfair trade practices under current state insurance codes. This approach respects the fact that every state already maintains extensive statutory and regulatory frameworks governing underwriting, claims, data privacy, market conduct, and consumer protection. Introducing separate or duplicative AI-specific requirements—as the current NCOIL draft would do—risks creating conflicting standards across multiple sections of state insurance law.

For example, many states have well-established provisions addressing unfair discrimination under their Unfair Trade Practices Acts, along with detailed rules on claims handling, rate setting, and consumer disclosure. Layering a separate AI-specific standard on top of these would invite uncertainty about which law governs in a given circumstance—particularly if an insurer's use of data analytics or automation falls within both regimes. Regulators would face the difficult task of reconciling competing statutory mandates, while insurers could face enforcement exposure under overlapping or inconsistent provisions.

By contrast, the AITC model avoids those pitfalls. It is intentionally designed to harmonize with existing law—not to replace or compete with it. By requiring insurers to certify compliance with established legal obligations regarding fairness, transparency, and accountability, the AITC framework builds on the strong foundation of current insurance regulation. This ensures that regulators retain oversight authority without fragmenting the legal landscape or introducing ambiguity into existing codes.

Finally, the model's certification-based approach gives regulators a practical and efficient compliance tool. It reinforces accountability without imposing redundant rules, enabling consistent oversight across lines of business while preserving innovation and consumer benefit. In short, the AITC proposal upholds the longstanding principle that insurance law should regulate outcomes, not technologies, and does so in a way that strengthens—rather than complicates—the coherence of state insurance codes.

3. The AITC model is technology neutral and adaptable to rapid AI evolution.
As the NCOIL itself noted in comments to the NAIC earlier this year, "AI is evolving so rapidly that legislative attempts around it might be difficult to keep pace." The AITC model is deliberately technology-neutral and future-proof, applying to any AI system or process—whether rule-based, machine learning, or generative—without freezing outdated definitions in law. By focusing on governance, accountability, and transparency rather than prescriptive controls, the AITC framework will remain relevant as technology advances.

4. The AITC proposal better aligns with global and NAIC developments.
The AITC model parallels the structure of the NAIC's Principles on Artificial Intelligence and is consistent with international frameworks emphasizing accountability and proportionality. It allows state regulators to integrate AI oversight into existing examination processes, providing consistency across jurisdictions rather than creating a patchwork of differing operational mandates.

5. The AITC model supports consumer confidence while enabling innovation.

Consumers benefit most when insurers can deploy AI responsibly to improve claims handling, expand access, and lower costs. The AITC's certification-based structure achieves this balance: it holds insurers accountable through documentation and annual attestation while allowing the flexibility needed for continuous improvement and innovation.

Conclusion

The American Insurtech Council appreciates NCOIL's leadership in advancing a national conversation on artificial intelligence in insurance. However, the June 17 draft model law would impose rigid operational controls that risk stifling beneficial innovation without improving consumer outcomes.

AITC respectfully urges the Committee to consider the "Artificial Intelligence for Insurers Compliance Act" as an alternative model. This framework promotes fairness, transparency, and accountability—while giving regulators the tools they need to oversee compliance in a rapidly changing technological environment.

We stand ready to work with NCOIL members, state regulators, and industry stakeholders to refine and advance this model in the months ahead. If you have any questions or concerns please free to call or email JP Wieske at 920-784-4486 or jpwieske@monumentadvocacy.com

Thank you again for the opportunity to address our comments.

Respectfully Submitted,

J.P. Wieske
Jack Friou   Scott R. Harrison
Teri Hernandez   Thomas Mays

Co-Founders, American InsurTech Council

An Act on the Use of Artificial Intelligence Systems by Insurers
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].